

NOMINATIONS OF MARVIN T. RUNYON AND LINDA J. FISHER

HEARING BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF MARVIN T. RUNYON TO BE CHAIRMAN OF THE
BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY AND LINDA
J. FISHER TO BE ASSISTANT ADMINISTRATOR FOR POLICY, PLAN-
NING, AND EVALUATION, ENVIRONMENTAL PROTECTION AGENCY

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NOMINATIONS OF MARVIN T. RUNYON AND LINDA J. FISHER

TUESDAY, DECEMBER 15, 1987

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 2:10 p.m., in room 406, Dirksen Senate Office Building, Hon. Quentin N. Burdick (chairman of the committee) presiding.

Present: Senators Burdick, Stafford, Symms, Warner, Durenberger, Breaux, and Graham.

OPENING STATEMENT OF HON. QUENTIN N. BURDICK, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. The Committee on Environment and Public Works meets today to consider two nominations which have been forwarded by the President to the Congress.

Mr. Marvin T. Runyon has been chosen to be Chairman of the Board of Tennessee Valley Authority. The TVA Board has had a vacancy since February, 1986. TVA has had a long and prestigious history since its creation in 1933, but recently it has unfortunately been involved in controversy ranging from environmental issues to a faltering nuclear program.

To meet these challenges it is clear that TVA needs a full complement of strong management. Mr. Runyon brings superb organizational abilities to his new position. He retired from the Ford Motor Company in 1980 as a vice-president overseeing 29 plants and 120,000 employees. Since that time he has been President and Chief Executive Officer of Nissan Motor Manufacturing Corporation of the USA.

Despite his well-known management capabilities, Mr. Runyon has little or no experience with nuclear power or with the many other facets of TVA's diverse programs. I'm sure that members of this committee will be discussing these areas with Mr. Runyon during the course of this hearing.

I am also pleased to welcome Ms. Linda Fisher, who has been a familiar face to this committee in recent years. Ms. Fisher has been nominated by the President to be the Assistant Administrator for Policy, Planning and Evaluation at the Environmental Protection Agency.

The Policy Office plays an important role in development of regulations and data to support the programs that we authorize in this committee. I know that some of my colleagues have reserva-

tions about the role of the Policy Office at the agency and use of risk assessment and cost benefit analysis. I share some of these reservations.

Ms. Fisher comes before us with a great deal of experience with the agency and a broad knowledge of environmental issues. I am sure that she has the skills to manage this Policy Office and see that it makes a worthwhile contribution to the agency as a whole. Presuming her nomination is favorably considered by the Senate, I will look forward to working with her in that effort.

Senator Stafford, do you have a statement?

**OPENING STATEMENT OF HON. ROBERT T. STAFFORD, U.S.
SENATOR FROM THE STATE OF VERMONT**

Senator STAFFORD. I do, Mr. Chairman. It's quite short, and let me welcome you back to the committee. We're glad to see that you're looking healthy as usual and ready to play a full game for the Redskins if they should need you at fullback.

Senator BURDICK. They'd be very smart in doing it.

Senator STAFFORD. Mr. Chairman, with respect to Linda Fisher, I am sure that this committee will listen carefully to what she has to say. We already know her, so I am simply going to welcome her here pending her statement.

As to Mr. Marvin Runyon, who has been nominated to be a member of the Tennessee Valley Authority Board with the understanding that the President will designate him Chairman, I am glad to welcome him, too. Listening to your recounting of the fact that he was in the Ford Motor Company reminds the Senator from Vermont that when he was going through law school he was able to pay for most of his expenses back in the middle 1930's by selling Ford cars in the summer.

During the past few years TVA has been facing what may be the most trying times in its history. From the shutdown of its nuclear plants to the need to refocus and redefine its natural resources and economic development programs, TVA is challenged on all fronts and it faces fundamental questions about its future.

TVA is uniquely placed among the Federal agencies. It is responsible for the development and the use of electric power as well as for protection of the environment. It is charged with promoting the economic health of the Tennessee Valley while at the same time helping to enhance the Valley's natural resources.

Finally, it is a regional agency, yet it must serve as a national leader and national demonstration.

Certainly, none of these missions are mutually exclusive; however, they oftentimes spell out a difficult agenda. How that agenda has been carried out is a question for the historians, but how it will be carried out or whether it needs to change is a question for TVA's leadership. When and if TVA's nuclear problems are solved, TVA's future is still not guaranteed. The nuclear problem has only served to distract TVA from the more difficult and encompassing issue of where it will go from here.

There is little doubt that TVA seriously needs better management to see it through its present crises, but more importantly, TVA also needs new vision and direction for the future.

If you are confirmed, Mr. Runyon, it will be largely your responsibility for providing that vision and direction to TVA. I look forward to hearing your testimony today.

Thank you, Mr. Chairman.

Senator BURDICK. Senator Breaux?

Senator BREAUX. No comments. Thank you, Mr. Chairman.

Senator BURDICK. The first order of business is the nomination of Marvin Runyon to be Chairman of the Board of Tennessee Valley Authority. I am very pleased that Senator Sasser is with us this afternoon to introduce Mr. Runyon. Also speaking for Mr. Runyon will be Congressman Bart Gordon.

Senator Sasser?

STATEMENT OF HON. JAMES R. SASSER, U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator SASSER. Thank you very much, Mr. Chairman. I am very pleased to be here this afternoon and pleased to be here in the company of Marvin Runyon. I want to express my appreciation to you, Mr. Chairman, and to the distinguished ranking member for calling these hearings expeditiously, and also my appreciation to Senator Breaux for his continuing interest in TVA.

I was commenting, Senator Stafford, to Mr. Runyon when you indicated you were selling Ford automobiles during the 1930's. Were you selling those "thrifty-sixty" 1938 V-8's? I was reading about those in a magazine just the other day.

Senator STAFFORD. As an historical footnote, you could buy a good Ford two-door in those days for \$620 delivered.

Senator SASSER. Mr. Chairman, Congressman Bart Gordon wishes to be here today and will be later. A vote has just been called on the House side and he is on his way over here.

As the Chairman and the distinguished members of the committee know, the third position on the TVA Board has been vacant now for nearly 2 years. Quite frankly, the failure of the White House to act decisively to fill that vacancy has been taken as an indication of the significance that the Administration attaches to TVA in particular and to public power in general.

The long delay also reflects, I fear, the deep difficulties TVA has had, especially in its nuclear power program. The crisis of confidence at TVA, along with the hostility of some members of the Administration toward the TVA idea, create the context for this hearing.

I would say to my distinguished colleagues here today that I don't believe it's too much to say that this nomination represents a crossroads for the Tennessee Valley Authority. It is perhaps the most important nomination in TVA's recent history. It is no exaggeration to say that the agency's future may very well be riding on the success of the President's nominee for Chairman of that agency here today.

TVA's nuclear power program has been completely shut down for more than two years. There have been consistent charges of mismanagement and outright incompetence. The Office of Management and Budget has repeatedly tried to reduce TVA's annual appropriation dramatically, at one point proposing a 70 percent cut.

And even as the committee meets today there are calls for totally revamping the Board and for opening the TVA Act to radical structural change.

In short, there is a sign above the job vacancy on the Tennessee Valley Authority Board and that sign reads, "The fainthearted shall not apply." Well, Mr. Chairman and distinguished members of the committee, Marvin Runyon is aware of all of that. He comes to this very demanding position with his eyes wide open. He brings to the task a proven track record in the area of TVA's greatest need, and that is, basically, management skill. His 37 years at Ford Motor Company and at Nissan demonstrate that Marvin Runyon knows how to work within a large organization. He knows how to shape a large organization. He knows how to make productive change.

Mr. Runyon has presided over a company that was built from the ground up in Smyrna, Tennessee to a present capacity of 265,000 automobiles annually, and I am pleased to tell this committee that the quality controls on the automobiles produced at Mr. Runyon's factory are as good or better than the quality controls on the similar automobiles produced by Nissan in the Japanese home islands. That says a lot about what an American worker can do when he's given the proper management direction.

But I don't want to minimize the challenge that Mr. Runyon will face upon confirmation by the Senate. In my discussions with Mr. Runyon I have made it clear to him that he will need to bring every bit of his managerial expertise and experience that he has accumulated over 37 years of a distinguished and illustrious career to bear at the Tennessee Valley Authority, and then he's going to need a little luck to go with it.

I think we all understand here today that TVA is more than a business. It combines the authority and the legitimacy of Government with the flexibility of a modern corporation. I have gone to great lengths to communicate to Mr. Runyon that he will need to blend his well-hewn managerial skills with the vision for what is in the best economic and ecological interest of the entire Tennessee Valley. We have discussed together that sometimes what appears to be the bottom line won't really be the bottom line at all at TVA. There will be deeper questions, questions of more lasting impact with more far-reaching repercussions than may have been the case with some of the business decisions that Mr. Runyon has been called upon to make during his successful career at Ford Motor Company and at Nissan.

As Chairman of the Tennessee Valley Authority, Mr. Runyon will not be accountable to shareholders or to a Board of Directors. He will be accountable to the citizens of a seven State region. And Mr. Runyon understands, for example, that TVA was established to assist the individual residents of the Tennessee Valley. The so-called "hydro preference," the preferential electric rate established for residential power consumers almost a half a century ago, is a direct outgrowth of that mandate. TVA's rate structure must continue to reflect that residential preference, in my judgment.

I believe that Mr. Runyon understands my views on that particular subject. He also understands that TVA must continue to exercise an acute environmental consciousness. I am especially con-

cerned that during the term of the next Chairman of the Tennessee Valley Authority Board, water quality problems on the Tennessee River and its tributaries are going to reach a critical phase. Dealing with those problems will require imagination. They will require foresight as well as a sense of economy and efficiency, and I believe Marvin Runyon possesses those qualifications.

In fact, Mr. Chairman, dealing with all of the TVA issues requires a combination of a great number of skills. Marvin Runyon can bring those qualities to bear on the deeply ingrained problems of TVA. If he can do that successfully, then he will be precisely what the agency needs.

Now, if I might say just a word about the argument that what TVA really needs is a radical overhaul. I think we have to be very careful that the cure isn't worse than the disease. On this issue I would associate myself with remarks made last week by the distinguished Chairman of the House Appropriations Committee, Chairman Jamie Whitten. He said that those who are seeking radical change were coming at this problem with a stick of dynamite and they have no real idea what will be left after the explosion.

I referred earlier to those who are hostile to the idea of public power and to the Tennessee Valley Authority. I believe that there are many, both in the Administration and even some here in the Congress, who feel that hostility very deeply. I also believe that these forces look at an opening of the TVA Act, perhaps, in the way that a fox would look at the unguarded door of a henhouse. I am not prepared to take that kind of risk at this point.

I am also not persuaded on the pure merits that a strong general manager or chief executive officer such as Marvin Runyon will be can have more positive impact than anything else. In the past the TVA structure has afforded the right person the opportunity to make a profound difference. People like David Lilienthal and Gordon Clapp have been able to leave an impression on the character of TVA that long outlived their years as chairmen. They were able to redefine its mission within the broad terms of the TVA Act and readjust its energies to meet the needs of the time. They were not hampered by the Board and the organizational structure of the Tennessee Valley Authority, and I don't believe that Marvin Runyon will be, either.

Quite frankly, there is nothing in the design of TVA's Board of Directors that would prohibit a firm and decisive correction of TVA's central problems, especially if we get a firm and decisive Chairman. In my judgment, the Board arrangement that has been successful—sometimes superbly so—for over 50 years deserves a chance to work again.

Mr. Chairman and distinguished members of this committee, I think we have before us today in the nomination of Marvin Runyon a Chairman who will bring strong and resourceful leadership once again to the helm of the Tennessee Valley Authority.

I thank you, Mr. Chairman, for allowing me to appear here today and speak on behalf of Mr. Runyon's nomination.

Senator BURDICK. Thank you.

We are now joined by several of our colleagues since the hearing started.

Senator Warner?

Senator WARNER. Thank you, Mr. Chairman. It was a pleasure to hear our distinguished colleague from Tennessee; that was a very articulate and well-delivered statement.

Senator SASSER. Thank you.

Senator WARNER. I've had the privilege of meeting the President's nominee on several occasions. We discussed the report of the southern Governors, which I understand, Mr. Runyon, you have read with great interest.

Hopefully, as you take on these responsibilities there are one or more areas in that report that may help you implement your responsibilities.

TVA is absolutely a lifeline to several counties in Virginia, counties that right now are experiencing some of the most extreme economic hardship anywhere in America, much less in the Commonwealth of Virginia. A disruption of power to these counties would be absolutely devastating.

So I will follow your career with great interest on behalf of my State and those counties that are so dependent. Thank you.

Senator BURDICK. Senator Graham?

Senator GRAHAM. I have no opening statement. I wish to associate myself with the comments of Senator Warner relative to the persuasiveness of the statement given by Senator Sasser, and I look forward to the question period and the statement by our nominee.

Senator BURDICK. Senator Symms?

Senator SYMMS. Mr. Chairman, I have no opening statement either. I just want to say that I welcome both Senator Sasser and Mr. Runyon before the committee and look forward to seeing him confirmed. It appears that he's highly qualified, in my opinion, to offer very sound leadership to an area that needs the help. So I look forward to seeing him get in that position.

I want to apologize in advance to the witness that we have an Armed Services Committee meeting this afternoon requiring a quorum and I'm going to have to excuse myself.

Senator WARNER. Mr. Chairman, could I make one further observation?

Senator BURDICK. Certainly.

Senator WARNER. This committee was fortunate to have Governor Baliles of Virginia come before us a short time ago to comment on that report and provide the Senate with other insights into the area of TVA. Have you had an opportunity yet to read over Governor Baliles' testimony?

Mr. RUNYON. Is that question to me?

Senator WARNER. Yes.

Mr. RUNYON. Yes, sir, I have—no, I have not read his testimony. I have read the report.

Senator WARNER. Would you avail yourself at the earliest opportunity of the chance to review that testimony of our Governor?

Mr. RUNYON. Yes, sir, I will.

Senator WARNER. Thank you very much.

Senator SASSER. Mr. Chairman, we've been joined by Congressman Bart Gordon of Tennessee, and I likewise am going to have to go to a Defense Appropriations Subcommittee conference. I want to express my appreciation to you, Mr. Chairman, and to the distin-

guished members of the committee for allowing me to appear here today. Thank you.

Senator BURDICK. May we hear from you, Congressman Gordon?

**STATEMENT OF HON. BART GORDON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TENNESSEE**

Mr. GORDON. Mr. Chairman, Senators, I want to associate myself with the eloquent remarks of my senior Senator, Jim Sasser. When my former colleague, John Breau, came in and saw my remarks he said he would be much more likely to vote for Marvin if I were to make those part of the record and just summarize, so I'm going to do that.

Mr. Chairman, let me tell you a real quick story that I think you particularly will appreciate. The TVA was started, I think, not only for a worthwhile but for a noble purpose, not only to help with flood control but also to bring the Tennessee Valley Authority into the 20th century with access to inexpensive power. I remember my father and my grandfather telling me about when they first got electricity. It was in the 1930's, and the first thing they did, just like I suspect in the Dakotas, they dropped a light—just a drop light—in that front living room so that the kids could study at night, and they put another drop light down at the barn so that they could milk in the morning. After that they got a cream separator so that they could better market what they were producing there. That was happening on farms all around us and in little factories all around us. It helped to open up the Tennessee Valley.

Unfortunately in the last few years for a variety of reasons we've gotten off course. The Tennessee Valley Authority is in trouble. We have \$16 billion invested in nuclear power and we're not getting the first kilowatt of electricity. We're paying well over \$1 million a day in debt service. We're in trouble and we need some help, and I think Marvin Runyon can give us that help.

As Jim Sasser said, he is the Chief Executive Officer of Nissan, USA. That's in my home county and I've seen it grow, and I know what a good job Marvin has done.

We don't agree on everything. We've disagreed on several occasions, but he has the ability to disagree agreeably. And I am a great admirer of his ability to manage. It's what TVA needs. He is recognized nationally as a manager. I don't think there's a better one in this country. We need him, and I respectfully request that you allow him to be the next Chairman of the Tennessee Valley Authority.

Senator BURDICK. Congressman, are you familiar with the kerosene lantern?

Mr. GORDON. Yes, sir, we had those, too.

Senator BURDICK. Mr. Runyon, it's your turn now.

**STATEMENT OF MARVIN T. RUNYON, NOMINATED TO BE
CHAIRMAN OF THE BOARD, TENNESSEE VALLEY AUTHORITY**

Mr. RUNYON. Thank you, Mr. Chairman, for the opportunity to appear before this committee today. I know that this is an extremely busy time for Members of Congress and I very much appreciate the efforts that you, the other committee members, and your staffs

have devoted to this nomination process. I am particularly appreciative of your interest in moving the process forward as quickly as possible once you received the nomination from the President.

I am honored to be here today. I appreciate the confidence of the President in nominating me for a position on TVA's Board of Directors.

I spent 44 rewarding and successful years in the private sector, and I am excited and challenged by this opportunity to enter public service and serve the Tennessee Valley Authority and my country.

As you know, my entire career to date has been spent in the automotive industry. In a moment, I'd like to share with you some of the philosophies and practices I have developed over the years, which I think will be applicable and helpful in addressing the challenges that TVA faces today and in the future if I am confirmed.

But first, let me spend a few minutes talking about TVA. At TVA I will have to lead and learn at the same time. As a leader, I will work hard to earn your confidence and support, as well as the confidence and support of TVA employees and the public. As a learner, I will be thorough. I will be doing a lot of listening as I become familiar with the many facets of the TVA organization. I will listen to you as elected officials, to TVA people, and the public. I assure you that I won't be making judgments on complicated issues until I have studied them thoroughly.

Already I have been given a variety of opinions about where TVA is and where it should go. The one point of consensus in everyone's mind is that TVA is a critical resource and tremendous asset for our region and our country. TVA has developed one of America's major waterways, controlled its floods, made it navigable, and harnessed its force for hydroelectricity. TVA has brought electricity to millions of people. TVA leads the Nation and the world in developing new fertilizers. Very few lives in the region have been untouched by TVA; and through its power systems, its economic development programs and its environmental efforts, the Nation has become a better place to live.

Some people would say that TVA has accomplished its mission, that it has completed the job of building an electric system for the region, that it has developed the river sufficiently. But the work of TVA is far from being over. It can now demonstrate for the Nation how a Federal corporation can operate effectively and competitively, and the Nation will benefit from this, as well as the region.

It can also serve as the Nation's testing ground in addressing such current national issues as solid waste management, protecting groundwater resources, demonstrating new energy technologies, and achieving increases in agricultural productivity.

The challenges TVA faces today, such as improving water quality in the Tennessee River or restarting the agency's idled nuclear program, must be addressed effectively. These are very complex and difficult problems, but TVA has tackled and solved problems of immense dimensions before. I am confident that TVA can do it again.

The term I am being nominated for will take TVA to the doorstep of the 21st century. Although many people view TVA as an agency of tradition and past accomplishments, I want to look at it as an agency of the future—an agency that can be a model of Gov-

ernment quality and productivity, an agency that develops and demonstrates technologies for the Nation, and an agency that blends the best of private enterprise and public service.

I have met with Mr. Dean and Mr. Waters, who now serve on TVA's Board, and look forward to working diligently with them in bringing a new era of management to TVA. With their help and your support, I think we can create in TVA that model of Government quality and productivity.

Through effective management, TVA can better accomplish the basic mission set for it by Congress. It can keep its rates as low as feasible and it can continue to balance the need for economic development with the need to conserve the region's magnificent natural resources.

I also believe that through effective management, TVA can bring its nuclear program back into operation and take a leadership role in identifying and developing new power sources for the future.

A clear, purposeful, and positive management system can play a decisive role in enabling TVA to meet these objectives, and I believe that is what I can bring to this position if I am confirmed.

My career of 44 years in the automotive industry has given me the opportunity to work in and help manage one of our country's most important and turbulent industries. I started my career at Ford as an hourly employee on the assembly line in Texas, where I was born. When I retired in 1980 as Vice President of Body and Assembly Operations, I had the responsibility for managing 120,000 people in 29 plants. I then went to work for Nissan to create and launch Nissan's first manufacturing operation in this country. The Nissan parent company had some reservations about whether Americans could build quality as well as their Japanese counterparts. Today, the Nissan operation in Tennessee is building the highest quality vehicles sold in this country, and often surpasses the quality of the same Nissan vehicles built in Japan.

My lifelong experiences have brought me to the conclusion that the organizations who are prepared for the future are those that commit to a participative style of management. This is "bottom-up" style that requires the people at the top to give up some control of the process and concentrate instead on managing the people.

The employees are the real experts at making a process work, especially in high technology operations such as the automotive and utility industries. In a participative system, the manager pushes responsibility down to the employees so that they can make the process work. Of course, a lot of other factors go into making such a system work.

If I had to choose my first principle of participative management, it would be that everyone share a common goal for the organization and a common sense of what the organization is all about.

The second principle would be the establishment of good communications throughout the organization and with external audiences.

The third important factor in a participative management system is training. We can't ask people to take responsibility for the process if they don't have the knowledge and skills to do it.

The fourth aspect is a commitment from management to the health and well-being of employees.

Finally, participative management must have an atmosphere of trust. For any system to work, management must trust the employees enough to give them responsibility. In my experience, when managers concentrate on managing and trusting employees, they find themselves spending less time solving problems.

If I am confirmed for the TVA Board of Directors, you will see me bringing these same philosophies and practices to my new job there. TVA is a unique agency. Its challenges are complex and diverse, but its opportunities are great. No one person can make TVA realize that greatness, but with your help and counsel, with the TVA Board, management and employees working together, and with the confidence and support of the public, we can focus TVA on its true mission: to improve the quality of life in the region and to serve the entire Nation successfully in the years ahead.

I know you have questions and I'll be glad to try to answer them.

Senator BURDICK. Thank you very much.

Before we start the round of questioning I'd like to give my friend, the Senator from Minnesota, a chance for an opening statement.

Senator DURENBERGER. I have no statement, Mr. Chairman.

Senator BURDICK. All right.

Some people have suggested the privatization of TVA. How do you philosophically feel about the privatization of all or major portions of TVA? Do you believe that the employment of large numbers of outside contractors is a form of privatization?

Mr. RUNYON. TVA has operated successfully as a public organization for 54 years now, and I think it can continue to operate that way. At the present time there are a large number of contractors, so to speak, working on the nuclear program. I think that that is the way it probably should be because those employees are going to finish their jobs and leave.

I think that when you have something like that to take care of, you should take care of it in that fashion. You shouldn't be bringing a person on for six months and then laying that person off. I don't think that's fair to employees to do that to them, because when people come to TVA they come there to spend an awfully long time. I've talked to many people who worked at TVA before, who have retired from TVA. I've received letters from them. They think TVA is the greatest thing in the world, and I'd like to keep it that way.

Senator BURDICK. There are several bills pending in the Congress at this time to open up the TVA Act in order to change TVA's structure and authority. Do you think this is advisable? Or do you oppose any changes in the TVA Act?

Mr. RUNYON. Senator, at this time I have not had enough time to really answer that question positively. What I would ask this committee to do is to allow me enough time with the organization as it currently exists to come to a determination on the answer to that question.

Senator BURDICK. What do you think about the expansion of the TVA Board from three to nine members?

Mr. RUNYON. The same answer applies to that. When I was approached to accept this position on the Board of Directors and as Chairman of TVA, there were in existence three directors. It has

operated that way now for 54 years. It has operated successfully for most of that time.

The biggest problem that people talk about at TVA is the nuclear problem. I have been told that the real problem in nuclear is management, and that's what I bring to the Board. I would like to see it stay as it is for the immediate future.

Senator BURDICK. Mr. Runyon, you bring very impressive managerial skills to this position. In your career with Ford and Nissan you have earned the reputation of encouraging employees to take a more active role in management. How would you carry out this philosophy with the employees of TVA? What procedures will you implement to encourage more participation in the operation of the agency?

Mr. RUNYON. I would first have to study the procedures that are in existence at TVA. I'm sure that they have some procedures there that are outstanding procedures, and I certainly wouldn't want to go in and change those. So I would have to study what's there now and then try to implement the things that I know work in other locations.

Senator BURDICK. Senator Stafford?

Senator STAFFORD. Thank you, Mr. Chairman.

Mr. Runyon, last week the Senate passed an amendment which would allow TVA to raise the salaries for a limited number of nuclear power employees. Would that create any problems from a management position as you see the situation?

Mr. RUNYON. Well, I'm very pleased that the Senate chose to do that for the nuclear employees. I think it's something that is very necessary to get the nuclear program on stream. I think the fact that we have contract employees—not TVA employees—managing that division is something that we can change, and we can do that now with the action that the Senate has taken. I'm very grateful for that.

Senator STAFFORD. All right.

Mr. RUNYON. I would like to go one step further and say that I think that the Board of Directors of TVA should be given the authority to handle the pay of all of their employees.

Senator STAFFORD. All right.

Do you believe that there are adequate mechanisms for people participation in TVA decisions?

Mr. RUNYON. Senator, I would have to study what participation they have now. In some of the data that I've seen, they do have some hearings. I've had people tell me that there are not enough hearings with the public. I would have to analyze what's there and then, working with the other directors, determine what actions we should take.

Senator STAFFORD. All right. A couple of boilerplate questions.

Do you know of any interest you have, financial or otherwise, that might cause a conflict of interest in your case in your holdings and your serving as Chairman of the Board of Directors at TVA?

Mr. RUNYON. I know of no interest or holdings other than those that are in my disclosure statement to this committee.

Senator STAFFORD. All right. And finally, if confirmed are you willing to appear in front of any committee of the House or Senate of the United States Congress at their request?

Mr. RUNYON. Yes, sir, I would.

Senator STAFFORD. All right.

Thank you, Mr. Chairman.

Senator BURDICK. I now recognize Senator Breaux, chairman of the subcommittee having jurisdiction over TVA. Senator Breaux.

Senator BREAUX. Thank you very much, Mr. Chairman.

Thank you, Mr. Runyon, for being here today and for coming by my office and visiting with me. I appreciate it.

I'd start by saying that when I was Chairman of the Fish and Wildlife Committee in the House, when we appointed boards or set up criteria for boards, I always insisted on provisions that would say that any nominees to advisory boards would have background experience and training in the area that they were going to be advising on.

Now, I look at your career of 44 years in the automobile industry, which is a very enviable career—it's outstanding; you've made great strides in that area—but I really don't see hardly anything in your background that would qualify you, not to serve on an advisory board, but to run it as Chairman, in the area of nuclear, in the area of hydroelectric, in the area of flood control, in the area of groundwater problems, in the area of TVA projects that may conflict with environmental concerns.

I very much want to support you, but if you were being appointed as chairman of a struggling automobile company, I'd sleep very well at night knowing that you're going to straighten it out. But you're getting ready to become Chairman of the Board—if it were a private company, one of the 15 largest companies in America. It has, I think, some very serious problems.

Tell me what in your background, in the areas that TVA is concerned with—nuclear, hydroelectric, flood control, all the things that TVA is responsible for—that qualifies you to be Chairman of the Board?

Mr. RUNYON. Senator, you've very clearly stated my background.

What I bring to the Board, I believe, is the management skill to help the organization perform what the employees know how to do. I think that there are many, many people at TVA that are very qualified in the jobs that they have, and if properly led and directed, they would be able to accomplish the things that need to be accomplished.

Senator BREAUX. There are some that would argue that it's more than a management problem, that we've got some incredible problems. We've got five reactors that have been shut down, four that are not on line, not a kilowatt of power is being generated right now. And that tells me it's more than just a management problem, that there are some serious problems there that I would like to have a Board member or the Chairman of the Board to have some experience in that area.

Can you tell us about your experience in nuclear or hydroelectric or anything that TVA does as far as what they're directly responsible for? That's what gives me concern. If I was making you Chairman of XYZ Automobile Company, I'd say, "This man's going to tear it up. He's going to fix it and make it run smooth." But I don't have the confidence right now that you know anything about what TVA does.

Management—no question. You are a first class, A-number one manager, but with no experience. When you were picked by Nissan to run a brand new company, you had 37 years' experience in the automobile business. You're being selected to run an incredibly important company, TVA, with no experience. I feel uncomfortable about that.

Mr. RUNYON. When I was picked by Nissan, I came from a job of having 120,000 employees, 29 plants, and several staffs. I was responsible for the computer operation at Ford Motor Company that controlled all their plants. I really didn't know anything about those computers, but I had some people that knew about those computers—

Senator BREAU. But you had 37 years in the automobile business.

Mr. RUNYON. Yes, sir, but computers are different than automobiles. I really would be unable to sit down and write a computer program out right now. I just wouldn't know how to do that. I wouldn't know without proper advice what type of computer equipment to buy. I would have to have people research that, bring me the facts, and help me make the decision. I would be capable of making the final decision on such things as computers, which I had control of.

Senator BREAU. I think that argument would make me feel a lot better if you were coming into an operation that was running very smoothly without any problems. I think everybody would agree that TVA right now, in the nuclear power area, has some very serious problems. We are not generating enough to run that light up there with a \$5 billion investment, and to me that's more than just getting the advice from down below and putting it in orderly organization blocks. That's telling me that something went wrong down there dealing with the very technical and complex questions regarding nuclear power, of which you have no experience, and yet you're going to be the person that's going to run it. Isn't that different from an automobile chairman?

Mr. RUNYON. It's my understanding that the Board of Directors at TVA now has examined this problem and put in consultants from outside who have the experience and capability to turn that around. And they do plan—so I'm told—to start up one of those nuclear plants in February, and then, progressively thereafter, start those plants up with the help that they have there now.

Senator BREAU. How do you feel about the privatization question? I heard the Chairman ask you questions about that. I heard what I think is conflicting answers. The other Board members and the General Manager last week told us that they didn't want to do contracting out, they wanted to be able internally to pay the people a proper salary to let them do it inside the business instead of having to contract out with every nuclear consultant at an outrageous price.

When you answered the question of the Chairman you said—I think I heard originally that you said you sort of support contracting out for short term so that you don't have permanent employees doing short term work and then having to let them go, but then you say you support the increases in the salaries that we did last

week on the floor which would allow us not to have to contract out. Where do you stand on the question?

Mr. RUNYON. Let me clear that up in my mind, at least.

When I answered the first question I was talking about 6,000 construction workers that are actually doing construction work on the reactors. When I answered your question I was talking about—I don't know the exact number, but maybe half a dozen—top people who are managing the nuclear program.

I totally agree with the other two Directors that the Board of Directors should have control of the salaries in TVA because TVA is in competition with every other public utility within that region. They must have the capability to pay their people commensurate with the other people in the other utilities.

Now, what does happen when you don't have that is that TVA does pay very well, so I'm told, in the lower levels, so that you can get the bright young people to come in and work at TVA. They work there for three or four years and sort of get a journeyman card and then they can move on to the higher-paying utilities and receive more money there.

I think that the TVA Board should have the authority to pay proper wages so they can get people in there. I think that the amendment that you put in is going to be a tremendous asset to the TVA Board and to TVA. It's going to enable the TVA Board to go to a person and say, "How would you like to work for TVA for the rest of your life?" and convince that person to come to work there at a rate that's more reasonable and more commensurate with what the other public utilities pay. Today——

Senator BREAU. I think you've explained sufficiently. I thank you for that answer.

What role do you think that the ratepayer should have in the question of setting rates, if any? How would you like to see that handled?

Mr. RUNYON. Well, as the act now stands the setting of rates is the responsibility of the Board of Directors. I think that that act has performed well for, as I said, 54 years.

I think that they should get a lot of input from the ratepayers and they should understand all of the facets that are involved with the people to whom they are supplying power. They have a responsibility to those people and they should listen to them.

Senator BREAU. Okay.

My time has passed. I want to assure you that in my comments about your qualifications and my concerns about them, it has nothing to do with you personally. Your credentials are outstanding in the field from which you come. You are an example of what a good automotive manager is all about in this country and, really, in the whole world. My concern does not attack that at all. It's just that I think the Administration does an injustice when they put people in very complex positions that don't have the background, the training and experience in that area. It's asking of you more than I think your whole history of job performance has qualified you for, and I'm just concerned about that.

Thank you, Mr. Chairman.

Senator BURDICK. Senator Graham?

Senator GRAHAM. Thank you, Mr. Chairman.

To follow up on the line of questions that have been asked, the difficulty of the assignment that you are about to undertake and your own background, what are your motivations? Why did you accept when the call came to serve in this position?

Mr. RUNYON. Senator, I have had a very successful and fruitful life in the United States. I had finished the job which I went to Nissan to do, which was to start that company from a green field site and to get it to building cars and trucks, and we're doing that. I think that job is finished. It just so happened that I was approached by the White House and asked to take this job.

One of my ambitions in life has been to work in the public sector and to give something back to my country. I think this is a way to do it, and I think I can be successful in doing what I've been asked to do.

Senator GRAHAM. One of the rationales of TVA when it was originally established 50 years ago was that it would serve as a role model for the utility industry in America, that it would be a public agency which could experiment with some new approaches directly relevant to its electrical generation function and then in ancillary ways, including flood control and water-related projects.

What do you see in the next few years as being the primary opportunities for TVA to continue that traditional function as a role model for utility companies?

Mr. RUNYON. Senator, at the present time TVA is working in conjunction with other people to demonstrate fluidized bed combustion boilers, which is a big step forward if they are successful in accomplishing that. I am sure that there are other areas that they may be working on. I have not had the opportunity to talk to them.

But I do believe that TVA has the responsibility to be that role model that the act called for it to be.

Senator GRAHAM. Thank you.

Senator BURDICK. Are there any further questions from the panel?

[No response.]

Senator BURDICK. Thank you, Mr. Runyon.

Senator Shelby has submitted his statement which will be included in the record.

Mr. Runyon, Senators Shelby, Ford, and Heflin have submitted a number of questions that I would ask you to answer for the record. (See p. 33.) Thank you for your testimony; you may now step down.

Mr. RUNYON. Thank you very much.

Senator BURDICK. We will now hear from several witnesses expressing concern about this nomination. Would Charlie Blair and Ms. Jenny Freeman Johnson please come to the witness table?

You may proceed, Ms. Johnson.

STATEMENT OF JENNY FREEMAN JOHNSON, TVA BOARD APPOINTMENT COALITION, KNOXVILLE, TN

Ms. JOHNSON. Mr. Chairman, members of the committee, my name is Jenny Freeman Johnson. I am the Executive Director of Tennessee Citizens for Wilderness Planning, and I serve as our organization's liaison on the TVA Board Appointment Coalition.

I last appeared before this committee in July, 1984. This was on the occasion of the confirmation of Mr. John Waters to the TVA Board of Directors.

There is an entirely different feeling associated with this hearing than with the one in 1984. In 1984 we sat here feeling a sense of satisfaction about the fact that we had met with Mr. Waters. We had had the opportunity to learn his views about TVA and about the issues that concern us, and we came here not in total agreement with Mr. Waters but with the belief that we had at least established the beginning of a workable relationship.

We come to this hearing today feeling frustrated and angry. The source of these feelings comes in part from having been denied the opportunity to meet with Mr. Runyon to learn his views about issues in the Tennessee Valley that affect the quality of our lives. Who is this man who will lead the agency that plays such a powerful role in our day-to-day existence? What is his vision for TVA and for the Tennessee Valley? Are we to trust him simply because our local newspaper has endorsed him for the position on the TVA Board of Directors? Even that endorsement came with the concern that perhaps Mr. Runyon did not recognize the full scope of TVA and that without its resource development mission, the agency will become just another utility.

How much easier we would all feel today if we were appearing before you having met Mr. Runyon and having had our questions asked and answered. We might not—as happened in 1984—be in total agreement with Mr. Runyon's views, but we would at least know something about him other than that he has worked in the automobile industry for 44 years and that his management style is participative.

It is ironic that a coalition of 42 organizations from throughout the Tennessee Valley has to this date been denied the opportunity to participate in a process that can only benefit TVA and Mr. Runyon. He, by not allowing us to participate, has denied himself the benefit of the support of the people of the Valley, and we have both lost.

The second source of our frustration and anger comes from the fact that we are being forced to chase this runaway train of a nomination and hearing process. Senator Burdick and Senator Stafford, with all due respect, this process has been railroaded through without the benefit of a public discussion of the views of this "mystery man." We first heard of Mr. Runyon on August 21st, 1987. Even though he was officially nominated less than two weeks ago, on December 3d, the media had been touting his nomination as though it were a coronation. No one—not members of this committee, not members of the Tennessee Valley congressional delegation, not members of the press—no one has assumed the responsibility of finding out what Mr. Runyon believes about the numerous complex and substantive issues of enormous concern to people in the Valley. Now, in less than two weeks you are rushing this nomination and hearing process down the tracks toward confirmation without hearing from TVA's most important constituency, the people of the Tennessee Valley.

We need time, time to get to know Mr. Runyon, time to ask him some questions, time to take his answers back to the thousands of

people we represent, time to get their valuable opinions back to you and to other decision-makers. Since Mr. Runyon chooses not to participate in our interview process, would you, the members of this committee, be willing to ask him our questions and receive his answers? Would you then be willing to delay this hearing for one month so that we can go back to the Valley, meet with our 42 organizations to tell them what we have learned, and return to you with what will be positive, constructive input from thousands of people who will have had a chance to participate in this very important decision?

There has been no third board member for 2 years. What is the harm in delaying this hearing for one month? Let's slow this runaway train down and give us the opportunity to choose whether or not we want to come on board.

Members of this committee, we are here today because we represent people whom we believe can be of great benefit to you, to Mr. Runyon, and to TVA. The Tennessee Valley Authority is coming under increasing attack from so many different sides these days. Now is not the time for TVA and its leaders to retreat into an arrogant, defensive position, but to commit to listening to our people, to answering our questions, and to giving us the opportunity to play a role in developing what can be a viable, exciting, workable relationship.

Thank you very much for this opportunity.

Senator BURDICK. Mr. Blair?

STATEMENT OF CHARLES BLAIR, TVA BOARD APPOINTMENT COALITION, KNOXVILLE, TN

Mr. BLAIR. Good afternoon, Mr. Chairman, members of the committee. My name is Charlie Blair and I come before you as a representative of the TVA Board Appointment Coalition.

The Board Appointment Coalition was formed four years ago by 42 organizations in the Tennessee Valley who represent over 300,000 citizens. The purpose of this ad hoc coalition has been to develop and implement strategies to ensure that the people selected for the TVA Board have a vision for the long-term stewardship of the Tennessee Valley.

Tennessee Valley is hearth and home to 10 million people who drink the water, breathe the air, and depend on the Valley's resources. The Tennessee Valley Authority is an integral part of our daily lives. We pay the bills for the power TVA produces. We also pay the price for TVA's mistakes. TVA's \$5 billion annual budget has an impact on seven States. We spend our weekends fishing, boating and swimming in the 44 lakes of the TVA region and we spend our weekdays working to maintain and improve our quality of life.

The Board Appointment Coalition was formed to provide information to the organizations, the citizens and the Congress on the viewpoints of potential TVA Board nominees. The issues which affect our daily lives are reflected in the 20 questions which the Coalition poses to each potential nominee. I would like to submit the 20 questions which potential nominees are asked to answer for the record.

Senator BURDICK. Are you submitting the questions?

Mr. BLAIR. Yes, sir.

Senator Burdick. They will be received. (See p. 20.)

Mr. BLAIR. Thank you.

In the last 4 years, the Coalition has contacted over two dozen individuals mentioned as possible TVA Board nominees. Of those contacted, more than a dozen have stated they were not interested in the position. Three potential candidates have refused to be interviewed but were never nominated by the President. Fourteen individuals have been interviewed by the Coalition in the last four years. They include, notably, present TVA Director John Waters and, most recently, Alabama State Banking Commissioner Zack Thompson. Regrettably, the nominee before this committee today, Marvin Runyon, has the dubious distinction of becoming the first person nominated by the President to refuse to answer any of the questions posed by the Coalition.

Not only has Mr. Runyon refused to answer any questions posed by the Coalition; he has refused on numerous occasions to answer publicly any questions, regardless of the forum, on any substantive issue which faces TVA. Among the questions which Mr. Runyon has refused to answer are several which stand as major concerns to the Coalition and to the people of the Valley.

Would Mr. Runyon vote to end the hydroelectric preference, subjecting three million households to an immediate 6 percent utility rate increase? Mr. Runyon has ties with industrial groups in the Valley who have long advocated for an end to hydroelectric preference, which grants residential ratepayers the full advantage of cheap hydroelectric power.

Does Mr. Runyon have a vision of stewardship for the Tennessee Valley? And if he does, what is his vision?

Would Mr. Runyon protect and improve the quality of our water? How; would Mr. Runyon address the need for dissolved oxygen in the tailwaters below the TVA dams? Would he follow the lead of the Bonneville Power Administration and assign the costs of increasing dissolved oxygen levels to the power program? Or would Mr. Runyon come to Congress for further appropriations to solve the problem?

In recent years, TVA has become a leader in improving air quality. Would Mr. Runyon support the National Academy of Sciences recommendations as they are embodied in the Mitchell bill?

Does Mr. Runyon believe that TVA should be dismantled and sold to private enterprise? Does Mr. Runyon favor opening the TVA Act? Does Mr. Runyon favor enlarging the TVA Board?

Would Mr. Runyon know enough about nuclear power plants to make an informed judgment on their cost-effectiveness, or will Mr. Runyon's lack of experience in nuclear power force him to accept every management proposal at face value? Is Mr. Runyon prepared to make an independent determination that a particular nuclear reactor is safe or cost-effective? Would Mr. Runyon cancel a nuclear reactor, and if so, under what circumstances?

What affirmative steps would Mr. Runyon take to ensure that the people of the Tennessee Valley have a voice in TVA's affairs.

Does Mr. Runyon understand the need for openness and dialogue with the people of the Tennessee Valley?

The TVA Board Appointment Coalition can supply to the members of the committee an answer to only one of those questions, the last. Mr. Runyon has refused to tell the people of the Tennessee Valley anything. He has hidden in the cloakroom of protocol, deftly moving the skirts and jackets to and fro, hiding behind Nissan lobbyists, and a well-managed and selective public relations tour. He has degraded the nomination process to avoid the light of a direct answer. He has mocked the people of the Tennessee Valley, not trusting them to make an informed judgment on his positions on TVA issues.

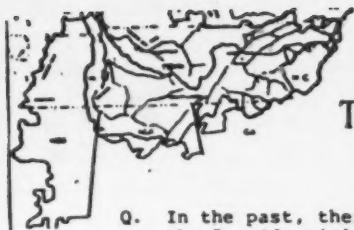
Members of the committee, TVA has for 50 years prided itself in "working in partnership with the people of the Valley." A partnership requires trust. A partnership requires a willingness to state your position openly even when you know that a disagreement will result. A partnership requires dialogue, for without dialogue no partnership can be maintained.

Mr. Runyon comes before this committee willing to engage in the fundamentals of a partnership only with you, the White House and the U.S. Senate. In the seven-State TVA region where the nominee will make daily decisions affecting 10 million lives, he could not find it within himself to trust the people with his views on the issues which face TVA.

We urge the committee to ask Mr. Runyon each of the 20 questions we have provided to you and such others as you may desire. Mr. Runyon has failed, in our minds, the first test of a TVA Board member. He has shown by his actions that he doesn't trust the people, violating the fundamental premise of any partnership.

Therefore, the TVA Board Appointment Coalition has voted to oppose the nomination of Marvin Runyon as Chairman of the TVA Board of Directors. We urge the committee and the U.S. Senate to reject the nomination of Marvin Runyon on the grounds that he has failed in his responsibility to trust the people of the Tennessee Valley. Thank you.

[The questions of the TVA Board Appointment Coalition follow:]



TVA BOARD APPOINTMENT COALITION

QUESTIONNAIRE

- Q. In the past, there has been debate about TVA's abolishing the "residential preference" (which allocates the benefits of low-cost hydroelectric power to residential customers) in order to ease the pressure on industrial rates. What would be your position on this matter?
- Q. TVA's own economic projections have indicated that the Tennessee Valley can be expected to lag far behind the rest of the nation in recovering from the long-term structural problems facing the economy. What programmatic initiatives do you think are appropriate to TVA's mandate in meeting this situation, and how would you propose to fund those initiatives?
- Q. How do you view TVA's role in dealing with water quality problems in the Tennessee Valley?
- Q. Is it your impression that TVA is doing as much as needs to be done to promote affirmative action of minorities and women as a personnel and program policy?
- Q. TVA seems to be diminishing its commitment to energy conservation programs and the advocacy for increased use of solar and renewable energy sources in energy production. How do you view the use of conservation and solar technologies in the overall power production scheme at TVA?
- Q. Citizens can participate in TVA affairs in a number of ways: use of the Citizen Action Line; presentations at TVA board meetings, etc. How would you propose to enhance citizen participation in TVA affairs?
- Q. TVA has cut the sulfur dioxide emissions from its coal-fired generating plants by 50% to about 1 million tons per year. What would be your reaction should federal legislation be enacted requiring additional cuts in TVA's SO₂ emissions?
- Q. TVA has sometimes been criticized for unselective industrial recruitment activities wherein TVA staff work mainly with local elected officials and a small number of local economic interests to the exclusion of broader community participation. Do you think this is true; and, if so, how would you propose changing the situation?
- Q. Do you believe that the combination of TVA's internal mechanisms along with periodic review by established outside entities (Senate oversight, GAO review, etc.) are adequate to the task of reducing waste and increasing efficiency at TVA? If not, what further steps would you take?

- Q. Do you believe TVA should exercise its contractual ability to require affirmative action standards on the part of TVA distributors, contractors, and suppliers?
- Q. How do you view TVA's role in the national debate concerning the use of renewable energy and energy conservation?
- Q. How would you approach TVA's options for providing new sources of electricity generation in the future?
- Q. How would you propose to deal with the problem of incorporating citizen participation in TVA decision-making before decisions are made, and the problem that there is no provision for direct citizen oversight of TVA decisions?
- Q. What do you see as the primary obstacles inhibiting increased efficiency in TVA operations, and what changes would you make to overcome those obstacles?
- Q. Some analysts suggest that part of the problem with TVA's failed nuclear power program has been the inability of TVA board members to provide clear direction or hold accountable their top managers. Do you think this analysis is fair or accurate? What unique skills would you, as a potential board member, bring to TVA that would help address this problem?
- Q. We have a tremendous investment in TVA's nuclear power program. We will have to invest millions - perhaps billions - more to correct alleged deficiencies. Do you feel there are reasonable alternatives to TVA's pursuing the nuclear route, or are we locked in to making the necessary repairs to these nuclear plants?
- Q. How do you feel about the current problem with TVA contractors not complying with federal ethics requirements, and what would you do to address this problem?
- Q. There have been various proposals suggesting the privatization of TVA. How do you philosophically feel about the privatization of all or major portions of TVA? Do you feel that the employment of large numbers of outside contractors is a form of privatization?
- Q. Some have asserted that TVA has lost touch with the people of the Valley? Do you believe this, and how would you go about assuring that TVA reestablish or maintain contact and accountability to the people of the Valley?
- Q. We have heard that there may be several legislative initiatives in the next Congress to open up the TVA Act in order to change TVA's structure and authority. Do you believe there are changes that are necessary and/or potentially beneficial to the people of the Valley, or do you believe opening the Act would be harmful and why?

Senator BURDICK. Are there any other questions for members of the panel at this time?

Senator STAFFORD. I just might have one question, Mr. Chairman, of both the witnesses.

You both heard Mr. Runyon's testimony this afternoon and his response to the questions that were asked, especially those in considerable detail by Senator Breaux.

Did he in the course of his responses answer some of the questions that you wanted to ask of him?

Mr. BLAIR. Very few, Senator. I think we saw a good deal of frustration on the part of Senator Breaux in trying to pose the question about privatization. That is a major concern to us. All of the groups represented by this coalition believe fervently in TVA and its mission and would certainly like a statement.

Senator STAFFORD. All right, thank you.

Did you want to answer that?

Ms. JOHNSON. I was just going to support Charlie here because we still don't know very many of his views and there are so many issues—environment and so forth—that are important to us. It's just important to get more of these views known before he is put into such an important position for such a lengthy period of nine years.

Senator STAFFORD. Am I right that there were two Freemans on the Board at one time?

Ms. JOHNSON. Yes, sir, you're right.

Senator STAFFORD. For the record, are you related to either one?

Ms. JOHNSON. No, sir, but I used to tell Dave Freeman that he might as well just go ahead and admit that he was related to me because I was better known around the Valley than he was.

Senator STAFFORD. Well, they were both good men.

Ms. JOHNSON. They certainly were.

Senator BURDICK. Any other comments?

Senator BREAUX. Just briefly, Mr. Chairman. I thank the panel members for being here.

I think the main thing I'm hearing from you is that you feel that organizations—the 42 that you represent, 300,000 people in the Valley—have been shortchanged because they haven't had the opportunity to question and get answers from the nominee.

I don't know if I agree with your position on that. For instance, right now we are considering Judge Kennedy, being nominated for the Supreme Court. I doubt if anyone would expect Judge Kennedy, for instance, to meet with a whole series of bar associations, concerned citizens' groups, prior to the time that he comes before the body that has to confirm him, and tell everybody all over the country what his positions are prior to giving that courtesy to the Senate Judiciary Committee; because under the government that we have, that is the forum where he is to be asked questions and give his response. Through your representatives, those questions are asked.

I also object to the question about no public discussion. This is the public discussion; the fact that you are here today participating in opposition to his nomination is part of the public discussion that we're having on this nominee. Maybe I'm missing something here,

but it seems the process protects your interests and protects your rights, and this is the process.

Mr. BLAIR. Senator, I'd like to respond.

Frankly, we think the process in this case has been abused. It is not just the 42 organizations here; the media all over the Valley has tried to get him to make some substantial statement about any issue involved with TVA.

It's hard for us to believe that Mr. Runyon doesn't have a gut-level feeling, for example, about whether or not nuclear power is worthwhile in the Valley or what other technologies he might be willing to look at. It's very difficult for us to believe that those generalized answers should be withheld until this hearing, and then, we are told, tomorrow is the confirmation on the floor.

As it stands right now, tonight in the media in the Tennessee Valley will be the first and last opportunity for the people of the Valley to hear what Marvin Runyon has to say.

Senator BREAU. Well, I can understand and appreciate your frustration. I thank you for being here. You are serving your public and your constituents by doing that. Thank you.

Mr. BLAIR. Thank you.

Senator BURDICK. Any other questions?

Ms. JOHNSON. Could I please just say one more thing very quickly?

Mr. Breau, it's a partnership. TVA is a partnership. We feel it's our utility, and we try to work in partnership. We enjoy that and we are proud of that, but so far we have not been able to develop a sense of partnership with Mr. Runyon.

In order to have a workable relationship we've got to have a sense of trust and partnership.

Senator BREAU. I understand that the Chairman is making a decision, and he'll announce it, about the timing of the markup. We have that flexibility.

Ms. JOHNSON. Thank you very much.

Senator BREAU. Thank you very much.

[Statements submitted for the record, responses to additional questions, and responses to a committee questionnaire follow:]



STATEMENT OF SENATOR ALBERT GORE, JR.
BEFORE THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE

December 8, 1987

Mr. Chairman, I am pleased to join my distinguished colleague, Senator Jim Sasser, in recommending to you and to the entire Senate the nomination of Marvin T. Runyon to be Chairman of the TVA Board of Directors. I believe this nominee brings to TVA what the agency needs most--a proven record of strong management skills. At the helm of Tennessee's largest manufacturing operation in history, he has developed a hands-on leadership style that can only benefit TVA. His nomination marks what I hope will be a turning point in the effort to solve TVA's existing problems and set a realistic agenda for the future.

Since 1980, Marvin Runyon has been president and chief executive officer of Nissan Motor Manufacturing Company, USA. He guided that plant from the drawing board to an operation that stands as a model for the automotive industry. Before going to Nissan, he spent 37 years at the Ford Motor Corporation, where he eventually became a senior vice president, overseeing nearly 30 plants and more than 120,000 Ford employees. He has enjoyed great success as a civic as well as a corporate leader.

I am committed to the continuation of TVA and its operations for power distribution and for economic and community development. TVA, of course, is dealing with some tough

problems. Getting the nuclear program under control and back on track is absolutely essential. Keeping rates competitive is vital to the long-term economic health of the Tennessee Valley. Finally, restoring the public support for the agency and employee morale is essential to the long-term success of TVA.

Although Marvin Runyon has not had direct utility management experience, he has proven that he has the unique ability to master complex issues in a short time. I view his nomination a positive step in confronting and solving the issues facing TVA. I urge the committee to give its full support to the nomination of Marvin T. Runyon to be Chairman of the TVA Board of Directors.

STATEMENT OF SENATOR ALAN K. SIMPSONCONFIRMATION HEARING -- MARVIN RUNYON

MR. CHAIRMAN, I JOIN YOU IN WELCOMING MR. RUNYON HERE THIS AFTERNOON FOR TODAY'S CONFIRMATION HEARING ON HIS NOMINATION TO BE CHAIRMAN OF THE TENNESSEE VALLEY AUTHORITY. I HAVE MET WITH MR. RUNYON PERSONALLY AND HE AND I HAVE DISCUSSED THE MANY CHALLENGES THAT HE WILL FACE IF HE IS CONFIRMED FOR THIS POSITION -- PARTICULARLY WITH RESPECT TO TVA'S NUCLEAR PROGRAM.

AS WE ARE ALL PAINFULLY AWARE, TVA'S FIVE OPERATING NUCLEAR PLANTS ARE CURRENTLY SHUT DOWN AND FOUR MORE PLANTS UNDER CONSTRUCTION HAVE BEEN PLAGUED WITH CONSTRUCTION PROBLEMS. THESE NINE PLANTS REPRESENT A TREMENDOUS INVESTMENT OF CAPITAL -- NOT TO MENTION THE MANAGEMENT ATTENTION CURRENTLY BEING DEVOTED TO THE VALLEY'S NUCLEAR PROGRAM -- YET TODAY, NOT A SINGLE KILOWATT OF POWER IS BEING GENERATED BY THE NUCLEAR PLANTS. ON TOP OF THAT, TVA'S COAL-FIRED POWER PLANTS ARE BEGINNING TO SHOW THE EFFECTS OF AGE AND NEGLECTED MAINTENANCE, AS ATTENTION IN THE RECENT PAST HAS FOCUSED ON THE NUCLEAR POWER PROGRAM.

THE SITUATION CRIES OUT FOR ATTENTION AND MR. RUNYON HAS ASSURED ME THAT IF HE IS CONFIRMED, HE WILL TURN HIS ATTENTION TO ADDRESSING THESE PROBLEMS. HE HAS A TREMENDOUS CHALLENGE BEFORE HIM -- AND I LOOK FORWARD TO WORKING CLOSELY WITH HIM, AS THE RANKING MINORITY MEMBER OF THE SUBCOMMITTEE ON NUCLEAR REGULATION, AS WE STRIVE TO RESTORE TVA'S POWER PROGRAM TO THE MODEL THAT IT ONCE WAS FOR THE NATION.

SPEECH BY SENATOR RICHARD SHELBY DATE: DECEMBER 7, 1987

MR. CHAIRMAN, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO EXPRESS SOME OF MY CONCERNS AND HOPES FOR THE TENNESSEE VALLEY AUTHORITY (TVA). AS A MEMBER OF THE TVA DELEGATION, I AM GENUINELY INTERESTED IN THE FUTURE COURSE OF THE ORGANIZATION. IN PARTICULAR, I HAVE AN AVID INTEREST IN THE MANAGERIAL STRUCTURE AND POSSIBLE RESTRUCTURING OF THE ORGANIZATION.

CONSEQUENTLY, I HAVE A STRONG INTEREST IN THE PENDING NOMINATION. I HAVE HAD THE PLEASURE TO MEET AND TALK WITH MR. RUNYON. DURING THE COURSE OF OUR CONVERSATION WE DISCUSSED SOME OF THE PROBLEM AREAS OF THE TVA, IN ADDITION TO SOME OF THE STRONG POINTS OF THE ORGANIZATION. I THINK THAT MR. RUNYON POSSESSES THE NECESSARY MANAGERIAL SKILLS THAT ARE NEEDED TO ENHANCE AND STRENGTHEN THE ORGANIZATION AT THE PRESENT TIME.

HOWEVER, I AM CONCERNED OVER THE ADVERSE ECONOMIC IMPACT THAT SOME TVA PROGRAMS WILL HAVE UPON THE PEOPLE THE ORGANIZATION WAS CHARTERED TO SERVE. IN MY ASSESSMENT, THIS IMPACT CAN BE MOST SUCCESSFULLY MINIMIZED WITH STRONG AND EFFECTIVE MANAGEMENT THAT RECOGNIZES THE GENESIS OF EXISTING PROBLEMS AND ADDRESSES THEM IN AN EFFICIENT AND TIMELY MANNER. THEREFORE, AS A CITIZEN OF THE TVA AREA AND A MEMBER OF

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CONGRESS, I SUBMIT TO YOU THAT WE MUST CREATE A COOPERATIVE WORKING RELATIONSHIP WITH THE TENNESSEE VALLEY AUTHORITY AND WORK TOWARD MEETING THE GOAL OF MINIMIZING THE PROBLEMS THAT CURRENTLY PLAGUE THE ORGANIZATION.

MR. CHAIRMAN, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO ADDRESS THIS BODY.

STATEMENT OF CONGRESSMAN BART GORDON
BEFORE THE COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE, THANK YOU FOR THE OPPORTUNITY TO APPEAR THIS MORNING WITH MY GOOD FRIEND AND COLLEAGUE, SENATOR JIM SASSER.

IT IS A PRIVILEGE FOR ME TO SUPPORT THE NOMINATION OF MARVIN RUNYON TO SERVE AS CHAIRMAN OF THE TENNESSEE VALLEY AUTHORITY.

MANAGEMENT SKILLS AND LEADERSHIP ARE CRITICAL FOR THE EFFECTIVE OPERATION OF A LARGE AND DIVERSE ORGANIZATION SUCH AS TVA. IN MY OPINION, THERE IS NO BETTER MANAGER IN AMERICA TODAY THAN MARVIN RUNYON.

MARVIN'S MANAGEMENT SKILLS SPEAK FOR THEMSELVES. HE IS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF NISSAN MOTOR MANUFACTURING CORP., U.S.A. HE DEVELOPED NISSAN'S PLANT FROM A CONCEPT TO AN OPERATION THAT IS LOOKED UPON AS

A MODEL FOR THE ENTIRE AUTOMOTIVE INDUSTRY.

BEGINNING TRUCK PRODUCTION IN 1983, THE NISSAN PLANT WAS AN IMMEDIATE SUCCESS. IN 1984, NISSAN WAS NAMED BY FORTUNE MAGAZINE AS ONE OF THE 10 BEST-MANAGED FACTORIES IN AMERICA. IN 1984 AND THIS YEAR, NISSAN WAS RECOGNIZED AS ONE OF THE 100 BEST-MANAGED COMPANIES TO WORK FOR IN AMERICA.

MARVIN HAS RECEIVED NUMEROUS HONORS FOR HIS INDUSTRIAL ACCOMPLISHMENTS. HE WAS NAMED 1985 SALESMAN OF THE YEAR BY THE SALES AND MARKETING EXECUTIVES OF NASHVILLE AND 1985 CEO OF THE YEAR BY ADVANTAGE MAGAZINE. IN 1986 HE RECEIVED A "DISTINGUISHED CITATION" FROM THE AUTOMOTIVE HALL OF FAME. IN THE SEVEN YEARS HE HAS BEEN A RESIDENT OF TENNESSEE, MARVIN HAS ALSO BEEN INVOLVED IN NUMEROUS COMMUNITY, CULTURAL AND CHARITABLE PROJECTS.

TVA NEEDS THIS CALIBER OF LEADERSHIP.

LIKE THE FEDERAL GOVERNMENT, TVA MUST GET ITS FINANCIAL HOUSE IN ORDER. THE PROBLEMS TVA FACES ARE STAGGERING.

THE SHUTDOWN OF ITS FIVE NUCLEAR POWER PLANTS RAISES SERIOUS QUESTIONS ABOUT THE

STABILITY OF THE AGENCY'S FINANCIAL FUTURE AND THE VIABILITY OF ITS NUCLEAR PROGRAM. THE LOSS OF ITS NUCLEAR GENERATING CAPACITY IS COSTING RATEPAYERS MORE THAN \$1 MILLION PER DAY.

OVER THE YEARS, THE NUCLEAR REGULATORY COMMISSION HAS IMPOSED MORE THAN \$1 MILLION IN FINES AGAINST TVA FOR SAFETY AND OPERATIONAL VIOLATIONS.

TVA'S LONG-TERM OUTSTANDING DEBT IS NEARLY \$16 BILLION.

WHEN CONGRESS CREATED THE TENNESSEE VALLEY AUTHORITY IN 1933, IT HAD A CLEAR MISSION TO BRING MORE AND BETTER JOBS TO THE ECONOMICALLY DEPRESSED TENNESSEE VALLEY. AS A RESULT, SERIOUS FLOOD DAMAGE HAS BEEN AVERTED BY TVA DAMS. MAN-MADE LAKES HAVE BEEN A BOOM TO RECREATION. AN EFFICIENT INLAND WATER TRANSPORT SYSTEM HAS ENHANCED ECONOMIC DEVELOPMENT.

MOST IMPORTANTLY, THE AVAILABILITY OF POWER TAPPED THE POTENTIAL OF THE TENNESSEE VALLEY. INDUSTRY FLOURISHED, TENS OF THOUSANDS OF JOBS WERE CREATED, AND CENTERS OF SCIENTIFIC RESEARCH WERE ESTABLISHED FOR THE FIRST TIME.

WHAT TVA NEEDS TODAY IS ENERGETIC, MODERN MANAGEMENT THAT CAN LEAD IT BACK TO THE LEVEL OF SERVICE AND SUCCESS IT ENJOYED FOR SO MANY YEARS.

MEETING THIS CHALLENGE WILL REQUIRE DIFFICULT CHOICES. TVA APPEARS READY AND ANXIOUS TO SOLVE THEM. AS TVA CHAIRMAN, MARVIN RUYON POSSESSES THE MANAGEMENT SKILLS TO ENSURE THAT TVA SUCCEEDS.

MR. CHAIRMAN, I URGE THE COMMITTEE TO RECOMMEND THE CONFIRMATION OF MARVIN RUNYON TO SERVE AS TVA CHAIRMAN.



Nissan Motor Manufacturing Corporation U.S.A.

Marvin T. Runyon
President and
Chief Executive Officer

December 16, 1987

The Honorable Quentin N. Burdick
United States Senate
Washington, DC 20510-3402

Dear Senator Burdick:

Enclosed are the answers to the questions submitted to me by members of the Environment and Public Works Committee. I appreciated the opportunity to share my views with you and your colleagues on the committee.

Sincerely,

A handwritten signature in black ink, appearing to read "M.T. Runyon", followed by a horizontal line.

MTR/sto

Nissan Drive Smyrna, Tennessee 37167 (615) 459-1100

QUESTIONS BY SENATOR QUENTIN BURDICK

QUESTION 1: As Chairman of the TVA Board, do you anticipate that TVA will continue to be active in international activities? Do you envision any expansion of its role in the international arena?

ANSWER: I have had little opportunity thus far to focus on TVA's international activities. Generally, I would hope TVA would be in a position to gain from the knowledge and experience of other nations in program areas where it has an interest and would be able to contribute its own knowledge and experience to other nations, as appropriate.

QUESTION 2: Do you see TVA's role in international affairs mainly that of technical advice and training, or in activities such as dam building?

ANSWER: Without careful study, I would think the area of technical advice is most appropriate. TVA's extensive experience and expertise in dam building and water resource management, in agricultural and fertilizer technology, in electric power, and in economic development are obviously valuable resources that can benefit many developing, as well as, developed nations.

QUESTION 3: How much work do you think TVA should contract out to the private sector? What partnership should TVA have with the private sector, especially in engineering and construction?

ANSWER: TVA should have the freedom to contract work out to the private sector when it is necessary. From what I understand about the way TVA operates, it seeks to cooperate with private companies whenever it is to the benefit of the residents and ratepayers of the Tennessee Valley. I believe that this is an enlightened manner of operation, but, as with other issues about which I will need more information, I will study this matter in greater detail once I have joined the Board.

QUESTION 4: TVA's charter requires the agency to encourage economic development of all sectors of the private economy. Do you believe TVA violates its charter by providing engineering and technical services to local and state governments in competition with private sector engineering firms?

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ANSWER: I do not know that TVA is competing with any private sector engineering firms when it provides engineering and technical services to local and State government. But, if there are special services that TVA is uniquely equipped to provide to local governments, and these services can not be obtained easily elsewhere, it may be appropriate for TVA to provide such services. This is an area in which I will need additional information.

QUESTION 5: What are your views on the National Labor Relations Act as it applies to TVA employees? Do you intend to make a strong effort to maintain good relations with the unions now existing at TVA?

ANSWER: I firmly believe in the spirit of employee free choice which is guaranteed to employees covered by the National Labor Relations Act. Although I am not specifically aware of whether the National Labor Relations Act even applies to employees of the TVA, I believe that they should have the right to elect a union of their choice. I understand that they have chosen to be represented by various unions. Accordingly, it would be my intention to establish and maintain strong relations with the unions which exist at TVA.

QUESTIONS BY SENATOR WENDELL FORD

QUESTION 1: As you know, six members of the Washington office staff were summarily severed last Tuesday, ostensibly for the purpose of improving relations with Capitol Hill.

How does this improve TVA's relationship with the Congress?

ANSWER: I am very much interested in enhancing TVA's relationship with the United States Congress and will do everything within my power to see that this is accomplished. The changes you mention were made prior to my confirmation hearing and without consultation with me.

I can assure you, however, that I will familiarize myself with the operation of TVA's Washington Office if I am confirmed. I intend to be sensitive and responsive to the Congress, and I will communicate this message clearly throughout TVA management.

QUESTION 2: One of the persons released was responsible for environmental matters. She has extensive and solid contacts with the environmental community on and off the Hill. Since the one part of the TVA organization that draws support outside of the delegation are its environmental programs, doesn't this strike you as short-sighted?

Coupled with the firing of Martin Rivers and his rather unusual replacement by someone from the power operations division, it appears that TVA may have decided to lessen its commitment to the environment. If this is true, you may well find that such policy is unacceptable to the members of the delegation (and of this committee?).

ANSWER: I am not familiar with this particular staff change. I should reiterate that these management decisions were made prior to my confirmation hearing. I was not consulted and am not in a position to comment on this matter.

QUESTIONS: What are your comments on the matter?

ANSWER: I shall, of course, be active in a review of TVA's entire structure and operation. Personally, I am committed to strengthening TVA's relationship with the Congress.

Also, as I mentioned in my confirmation testimony, I am committed to protecting the environment. I expect to work closely with the Congress and environmental interest groups in Washington and throughout the Tennessee Valley to achieve this objective.

QUESTIONS BY SENATOR HOWELL HEFLIN

QUESTION 1: Section 2 of the TVA Act requires that members of the TVA Board of Directors "shall be persons who profess a belief in the feasibility and wisdom" of the TVA Act.

Do you profess such a belief?

ANSWER: I believe in the Act. If confirmed, I will swear under oath to my belief in the feasibility and wisdom of the TVA Act.

QUESTION 2: Earlier this year TVA prepared an options paper which contains several possible future courses of action TVA might consider regarding its corporate structure. One of the items considered in this study was rate accountability. As you know, under the TVA Act the Board establishes both the wholesale and retail rates for TVA power. There is no appeal or judicial review from the decisions of the Board in rate-setting. I ask you:

2.1: Do you subscribe to the current autonomous rate setting authority vested in the TVA Board, or:

2.2: Do you subscribe to a review of TVA rate setting decisions by an independent board of experts with a final judicial review of such rate determinations.

ANSWER: I believe that TVA Board members must be committed to keeping power rates as low as possible, and must have access to the necessary data to make informed rate decisions that take into account the impact on the public as well as the power system. If those conditions are met, I believe the TVA Board can set rates more economically than would be the case if such decisions were delayed by an additional rate review process.

QUESTION 3: Another proposal contained in the options paper would be the establishment of a TVA Holding Company. This proposal would "spin off" the TVA power program from those TVA activities which are supported primarily with funds appropriated by the Congress, such as the TVA Fertilizer Center at Muscle Shoals. This proposal would free the TVA power program from certain existing constraints such as salary ceilings.

3.1: Please give us your thoughts regarding such a plan.

ANSWER: I have not had the opportunity to review this suggestion. I am sure this will be a topic of discussion after I am confirmed.

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3.2: Do you believe such an approach is feasible, and if so, why?

ANSWER: At this time, I do not believe I have sufficient facts to know if this approach is feasible.

3.3: Would such a proposal destroy the integrated resource development concept set forth in the TVA law?

ANSWER: Without the details required to make such an analysis, I am not in the position to express an opinion. As I said at my confirmation hearing, the management of this great agency must focus on its true mission, which is to improve the quality of life in the region while serving the entire nation. I will review all proposals for change using this guideline.

QUESTION 4: I am sure you have submitted a financial disclosure statement through the Committee which, I presume, reveals that you do not now have any financial interest in any type of investor-owned utility. Such an interest is prohibited by Section 2 of the TVA Act. However, I would like to ask you if you:

4.1: Have you ever owned stock or otherwise had a financial interest in any type of public or investor-owned utility?

ANSWER: On October 27, 1982, I purchased 500 shares of Public Service Company Indiana Inc. common stock for \$12,563. These shares were sold on April 30, 1984 for \$3,742. I also purchased 500 shares of United Telecommunications Inc. of Kansas common stock on October 27, 1982 for \$10,070. I sold these shares on April 30, 1984 for \$9,322.

4.2: Have you ever served in any type of advisor capacity to any type of public or investor-owned utility?

ANSWER: No, I have not.

QUESTION 5: With respect to the TVA power program, Section 11 of the TVA Act mandates that "domestic and rural consumers" shall be charged the "lowest possible rates" for electric power and that such consumers shall be "encouraged" to "increase" their use of electricity.

5.1: Would you give us your definition of a "domestic" consumer of TVA electricity?

5.2: Isn't a domestic consumer of electricity, that is a user of power in one's home, a domestic consumer whether or not he or she resides in the city or out in the countryside?

5.3: Would you give us your definition of a "rural consumer" of electricity?

5.4: In your opinion does this term include a farmer who uses electricity in every phase of farm life?

ANSWER: I understand that these questions relate to a decision made by the TVA Board in 1986. I think it would be appropriate for a new Director to review that decision in view of the controversy involved.

QUESTION 6: As I have just mentioned, in addition to charging domestic and rural consumers of TVA electricity the lowest possible rates, Section 11 of the TVA Act also mandates TVA to "encourage increased domestic and rural use of electricity" by these consumers. One of TVA's finest achievements is rural electricity. Only three percent of the farms in the Tennessee Valley had electricity when TVA was born in 1933. TVA has not only electrified town and country, but has carried on a number of programs which taught the farmer, for example, how to become power-intensive.

6.1: In view of the mandates of Section 11 which I have mentioned, do you believe it is fair, even legal, for TVA to encourage a farmer how to use electricity at the lowest possible rate, and then when the farmer becomes power-intensive in the operation of his farm for TVA to then charge the farmer the industrial power rate?

6.2: Is such a reclassification, in your opinion, legal?

ANSWER: Again, I understand that these questions relate to the decision made by the TVA Board in 1986. In view of the controversy involved, it would be appropriate for a new Director to review that decision.

QUESTION 7: Several years ago, a group of interested citizens in my home county including municipalities requested TVA to seed them some ten acres of, land as I recall, of TVA-owned land along a busy highway for the purpose of building a recreational and cultural complex. Among other things, there would have been a hotel, a wave pool, and a music hall of fame constructed on this land. TVA refused to convey these properties, although it would not have interfered with TVA activities in the area in any way; and the economic opportunity was, therefore, lost to the people of the Muscle Shoals area.

7.1: What are your thoughts and feelings regarding the conveyance of TVA property to political subdivisions of a state where great economic benefit and growth would result from such action?

7.2: Do you or do you not believe that TVA has an obligation to assist the states, cities, towns, counties, and citizens of the Tennessee Valley by making the lands of the agency available to them for sound economic advancement projects.

ANSWER: I am not familiar with TVA's present land management policies but, as a general rule, I would not be philosophically opposed to the conveyance of public lands to State or local interests for projects which would be of great economic benefit to the people in the surrounding region and which would not negatively impact or impair other TVA programs or activities. It would seem to me that such issues should be judged on a case-by-case basis to determine the full range of positive or negative benefits for the local and regional economy and for TVA.

QUESTION 8.a: Does the company with which you were affiliated prior to being nominated to the TVA Board belong to the Tennessee Valley Industrial Community?

ANSWER: No, Nissan Motor Manufacturing Corporation U.S.A. is not a member of the Tennessee Valley Industrial Committee.

8.b: Would you ever work with the Committee in any capacity in the matter of TVA industrial power rates either within the Committee itself or with discussion with TVA officials?

ANSWER: I have never worked with the Tennessee Valley Industrial Committee, and I have never had discussions with TVA officials except in connection with my nomination to the TVA Board of Directors.

8.c: Is your company served directly by TVA or does it obtain its power from a TVA distributor?

ANSWER: Nissan Motor Manufacturing Corporation U.S.A. is not served directly by TVA, but obtains its power from MTEMC, the Middle Tennessee Electric Membership Corporation. MTEMC is a TVA distributor.

8.d: Were you ever involved in direct discussion with TVA representatives in the matter of TVA power rates for your company? If so, please give us the particulars to such meetings, correspondence, or discussions.

ANSWER: I was not personally involved in discussions with TVA representatives regarding power rates for Nissan Motor Manufacturing Corporation U.S.A. Of course, other employees of the company were so involved. I did meet TVA Chairman, David Freeman and Governor Lamar Alexander at lunch to discuss Nissan's interest in choosing Tennessee for their company location.

QUESTION 9: There is now before the Congress legislation which would replace the present three-person, full-time TVA Board with a nine-member, part-time Board and vest the responsibilities of TVA in a Chief Executive Officer.

Considering your vast corporate background, would you please give us your thoughts on this proposal? This is important for a number of reasons, not the least of which is the fact that newspaper reports indicate that the current other two members of the Board are split on the issue.

ANSWER: Many people believe the structure of the TVA Board has worked well in the past. TVA has accomplished many remarkable things with that structure.

My interest in serving on TVA's Board, and my understanding of my responsibilities on that Board, is based on the premise that the Board will be made up of three full-time members, each serving a nine year term. That is what I have agreed to.

I will know better what works at TVA after I have had time to serve on the Board. Without that direct experience, I could only speculate.

QUESTIONS BY SENATOR RICHARD SHELBY

QUESTION 1: The structure of management within the Tennessee Valley Authority (TVA) is a precipitating cause for many of the problems that currently plague the organization. It has been suggested by some members of Congress, in addition to outside independent groups, that it is imperative that management be restructured. Do you agree with this proposition? If so, what suggestions for improvement would you recommend? If not, would you please elucidate?

ANSWER: When I was asked to be Chairman of TVA, I was told that TVA needed more management experience. I will be analyzing, along with the other Directors, the organizational structure needed to put the best management practices in place.

QUESTION 2: I continue to receive expressions of concern from farm constituents pertaining to the perceived and actual adverse economic impact which will result from a change in Code 23 accounts to an industrial rate reclassification. In addition, I have reservations as to whether or not the reclassification proposal is contrary to the fundamental principles of the TVA Act, particularly the power preference provisions of the statute. Mr. Runyon, in your opinion, does a problem exist? Is such a reclassification necessary? Is such a reclassification contrary to the principles articulated in the TVA Act?

ANSWER: I understand that these questions relate to a decision made by the TVA Board in 1986. I think it would be appropriate for a new Director to review that decision in view of the controversy involved.

QUESTION 3: I would like to preface this question by stating that TVA's current plans are generally responsive to the immediate financial picture. However, as I understand, TVA has current debt obligations of \$16 billion, much of which is relatively new. Also, as I understand, the large investment in plants not producing electricity is creating financial problems. Since TVA is a "not for profit" organization, the financial strain is focused on ratepayers and debt holders. What steps do you foresee as being most effective to assure financial stability for TVA? In particular, please discuss the restoration and construction of the nuclear facilities.

ANSWER: TVA's current plans for restarting its nuclear units are generally responsive to immediate needs. In the near future, TVA should update its restart plans with several factors being considered; such as, projected power needs for the next decade and beyond, the capital cost of putting nuclear units back into operation, and the O&M costs of running the units once they are brought online.

QUESTIONS BY SENATOR GORDON HUMPHREY

QUESTION 1: I understand that you have been unwilling to meet with the TVA Board Appointment Coalition, a coalition of 42 concerned organizations in the Tennessee Valley, prior to your nomination hearing before the Environment and Public Works Committee.

1.a: Is this accurate?

ANSWER: I met with leaders of the Tennessee Valley Energy Coalition in Nashville last month in a listening session they requested, and was glad to learn their perspective on issues facing TVA. The Tennessee Valley Energy Coalition is an important part of the TVA Board Appointment Coalition.

1.b: If yes, what is the basis for your decision not to meet with the TVA Board Appointment Coalition?

ANSWER: I never objected to taking part in a listening session to become familiar with their views. My concern was about the timing and appropriateness of addressing complex TVA issues through a questionnaire format prior to the confirmation hearings. I believe it is only proper for the members of the Senate Environment and Public Works Committee to hear my views directly, rather than through a third party.

QUESTION 2: Do you believe that the citizens of the Valley should have input in the decision to nominate a member of the TVA Board of Directors?

ANSWER: Citizens of the Tennessee Valley do have such input through their elected officials. During the years I have lived in the region, I have learned that citizens of this area take into serious consideration a candidate's views on TVA during the voting process.

QUESTION 3: As Chairman of the TVA, how would you involve the public in the decision-making process?

ANSWER: TVA is a public agency, and it must earn the confidence and support of the public in carrying out its mission. TVA's historic commitment to public involvement is in harmony with my own philosophy of participative management. I intend to take full advantage of the opportunities to gain maximum public involvement through open Board meetings, listening sessions about critical issues, and meetings with individual citizens and constituency groups.

QUESTION 4: To whom do you feel that the TVA Board of Directors is accountable? In what respect do you feel that the TVA should be held accountable to the public for its policies?

ANSWER: The TVA Board is accountable through the public's elected representatives. Congressional committees carry out their responsibilities for the oversight of a wide range of TVA programs. The location of TVA's headquarters in the region it serves rather than in Washington provides an additional avenue of accountability. Board members literally have to live with their decisions, and they can more directly obtain public input regarding those decisions.

QUESTION 5: In 1986, the TVA Board established an Office of Inspector General to promote efficiency and to reduce fraud. The Inspector General is appointed by the TVA Board.

5.a.: Do you believe that the Inspector General at TVA should be appointed by the President as is the policy for appointment of Inspector Generals at most large federal agencies?

ANSWER: I have a limited familiarity with TVA's Office of the Inspector General and an even more limited familiarity with Inspectors General elsewhere in government. I have been told that the reason for the present arrangement at TVA is to provide a solid framework that safeguards the IG's authority and independence while being consistent with TVA's corporate mission and structure. I will need more opportunity to observe the operations of the Inspector General's office before I can venture beyond that impression, however.

5.b: Do you believe that the activities of the Office of Inspector, the congressional oversight committees and the Board itself are adequate to provide for the efficient operation of TVA?

ANSWER: The TVA Board should be responsible for the efficient operation of a clear, purposeful, and positive management system at TVA. The public's interests are protected by the Inspector General and congressional oversight, and the current protections of that kind may be adequate, but effective management is essential for quality and productivity.

QUESTION 6: Do you believe that TVA's exemption from the Congressional authorization process should be repealed so that TVA programs will be subject to the same Congressional scrutiny as programs under other federal agencies?

ANSWER: I am attracted to the original intent expressed by President Roosevelt that TVA should be allowed to operate with the "flexibility and initiative of a private enterprise," rather than facing every one of the constraints in management that apply to Federal agencies generally. I understand that the exemption from the authorization process was part of that flexibility provided to TVA.

At the same time, I recognize that TVA must be accountable to the Congress, the ratepayers of the region, and the Nation's taxpayers. I would be able to give a more substantive comment on this question when I have the opportunity to become more familiar with Congressional review processes.

QUESTION 7: What are your views regarding proposals to restructure TVA in order to separate the policy-making apparatus from the day-to-day management? Do you object to opening up the TVA Act?

ANSWER: Whether or not the TVA Act should be amended to separate these two functions is a matter I would rather comment on after gaining experience at TVA and seeing first-hand how policy-making and management operate in that environment.

QUESTION 8: What are your views regarding proposals to expand the three-member, full-time board to a larger, part-time board?
Question 8:

ANSWER: Many people believe the structure of the TVA Board has worked well in the past. TVA has accomplished many remarkable things with that structure.

My interest in serving on TVA's Board, and my understanding of my responsibilities on that Board, is based on the premise that the Board will be made up of three full-time members, each serving a nine year term. That is what I have agreed to.

I will know better what works at TVA after I have had time to serve on the Board. Without that direct experience, I could only speculate.

QUESTION 9: Do you think that nine years is a reasonable term for TVA board members? Do you believe that the number of terms a board member can serve should be limited? Please comment on your views regarding a system under which the term for a Director would be reduced to three years, a new board member to be nominated by the President each year.

ANSWER: I am agreeing to serve a nine-year term. From my conversations with other Board members, I gather this length of term is required for first getting to know the diverse mission of TVA, setting a course, implementing plans, and working with newer board members as they come into service.

QUESTION 10: Have you considered the recommendations of the Southern States Energy Board regarding creation of a formal rate review process? Please comment on the advisability of rate hearings for TVA's power program.

ANSWER: As I understand TVA's operations, public rate review meetings already are part of the process of determining the need for rate increases. I believe the TVA Board should seek pertinent information from the widest range of knowledgeable sources before acting on rate recommendations.

QUESTION 11: Do you believe that TVA's power decisions should be subject to regulatory review by allowing state utility boards to review utility-related decisions?

ANSWER: I believe that TVA Board members must be committed to keeping power rates as low as possible, and must have access to the necessary data to make informed rate decisions that take into account the impact on the public as well as the power system. If those conditions are met, I believe the TVA Board can set rates more economically than would be the case if such decisions were delayed by another rate review process conducted by the separate state utility boards.

QUESTION 12: In his testimony before the Environment and Public Works Committee on December 9, Governor Baliles stated that TVA is "a great national resource." Please comment on the tension resulting from TVA's simultaneous role as a "national resource" and a regional power system.

ANSWER: I firmly believe that an adequate supply of affordable electric power is an important resource for economic growth and development, in much the same way that a developed and well managed river system is a resource for economic growth. Therefore, I see electric power as one of several important tools that TVA has to apply to its single, overriding mission of promoting the economic development of the Tennessee Valley region.

What some see as TVA's dual roles of economic developer and regional power supplier, I see as a single, integrated program made up of several different parts. Each part has an appropriate role to play in the total program. Together, they add up to a significant package of tools that, when skillfully applied, can bring jobs and a higher standard of living to the people of the region.

QUESTION 13: The sulfur dioxide (SO₂) emissions from TVA's fossil-fueled plants have been reduced significantly over the past few years and TVA is currently conducting clean-coal technology demonstration projects. Do you believe that TVA's SO₂ emissions should be further reduced?

ANSWER: Environmental quality must be maintained and enhanced in the Tennessee Valley and the nation. This is an essential ingredient in providing a quality lifestyle for the people. At the same time, the cost of electric power must remain affordable -- another essential ingredient in providing a quality lifestyle.

The accomplishment of these twin objectives provides TVA with one of its major challenges. I will be giving serious study to the best ways of achieving these objectives in the months ahead.

QUESTION 14: Do you believe that federally appropriated funds, power ratepayer funds, or a combination of both should be expended to resolve the dissolved oxygen problem in the vicinity of TVA's hydroelectric facilities?

ANSWER: I am aware that TVA is now conducting a comprehensive review of its reservoir system operations, with involvement from the public, other federal and state agencies, and outside experts. As I understand it, this study will help provide a sound basis for deciding this issue.

QUESTION 15: What are your views regarding the role of energy conservation in supplying power to the Valley?

ANSWER: From the standpoint of the consumer, energy conservation provides a way for consumers to gain some degree of control over their energy costs -- the less they use, the less they pay. I understand that TVA has one of, if not the best, program in the nation in helping consumers take advantage of potential energy savings. I support this effort.

From the standpoint of the utility, energy conservation offers equal advantages. It can delay the need for expensive new plants and equipment. It also can be used to level out daily and seasonal demands and lower operating costs. Such measures make good business sense.

So, in many ways energy conservation is a "no lose" situation. I support it fully, while reserving judgment on specific applications.

QUESTION 16: Senator Breaux recently offered an amendment to the budget reconciliation bill to authorize TVA to spend power revenues to pay salaries that exceed limitation to not more than 25 key employees. In your opinion, is this amendment sufficient to deal with the constraints of the federal pay cap?

ANSWER: TVA's Board of Directors should have the authority to set TVA salaries because TVA is in competition with every other public utility. They must have the capability to pay their people commensurate salaries. TVA does very well, so I'm told, at lower levels in attracting bright young people. They work there for three or four years, and then they move into higher paying utilities. I think Senator Breaux's amendment is going to be a tremendous asset to the TVA Board and to TVA because it will enable TVA to go to people and say: "How would you like to work for TVA for the rest of your life?"

QUESTION 17: Do you believe that sound policy dictates that TVA continue to borrow through the Federal Financing Bank rather than through the private sector? Please comment on the relative merits of forcing TVA to borrow exclusively from the private sector.

ANSWER: I believe it is important for TVA to maintain the marketability of its power bonds and intend to give a high priority to a close review of the power system's financial condition. I have not seen any information that would justify adding to ratepayer costs by withholding TVA's access to the Federal Financing Bank, which was created to coordinate borrowings for independent agencies and to hold down their borrowing costs.

QUESTION 18: Of the 17 nuclear units which TVA intended to construct, eight been cancelled, four are under construction and five have been shot down due to safety-related problems. TVA has invested over \$15 billion in this failed program. What are some of your ideas regarding the proper course of action necessary to get TVA's nuclear program back on its feet?

ANSWER: TVA's current plans for restarting its nuclear units are generally responsive to immediate needs. In the near future, TVA should update its restart plans with several factors being considered; such as, projected power needs for the next decade and beyond, the capital cost of putting nuclear units back into operation, and the O&M costs of running the units once they are brought online.

QUESTION 19: To date, TVA has borrowed close to \$16 billion from the federal government. Many of these payments, made in the form of 25-30 year bonds, come due in the late 1990s or the early 21st Century. Do you believe that TVA should be required to repay this debt? Please comment on your plans for retiring TVA's debt to the Federal Financing Bank.

ANSWER: There is certainly a rationale for retiring the \$4.5 billion investment related to nuclear projects that were subsequently cancelled. I understand that TVA has such a plan in place, and is making annual investments in a bond retirement fund that will reach that amount. However, before considering any proposals beyond that point I would want to follow through my intention to study the power system's financial condition in detail.

QUESTION 20: Regarding TVA's current bond ceiling of \$30 billion, do you believe that this bond ceiling should be reduced?

ANSWER: From past experience, debt ceilings in general do not seem to be a very effective substitute for efficient management and prudent financial policies. We will continue to closely monitor and require economic justification for the use of funds from the FFB.

UNITED STATES SENATE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Runyon Marvin Travis
(Last) (First) (Middle)
 Position to which nominated: Chairman, Board of Directors Tennessee Valley Authority Date of Nomination: _____

Date of birth: 6/16/24 Place of birth: Ft. Worth, Texas
(Day) (Month) (Year)

Marital status: Widower Full name of spouse: Frances Elizabeth Patton Runyon (deceased)

Name and ages of children:

<u>Marvin Travis Runyon, III</u>	<u>age 42</u>
<u>Elizabeth Anne Runyon Turner</u>	<u>age 35</u>
<u>Paul Raymond Runyon</u>	<u>age 30</u>
<u>James Andrew Runyon</u>	<u>age 28</u>

Education:

<u>Institution</u>	<u>Dates attended</u>	<u>Degrees received</u>	<u>Dates of degrees</u>
<u>J.L. Long Jr. High, Dallas</u>	<u>1938-39</u>	<u>-</u>	<u>-</u>
<u>Woodrow Wilson High, Dallas</u>	<u>1939-42</u>	<u>Diploma</u>	<u>1942</u>
<u>Texas A&M, College Station</u>	<u>1942-43</u>	<u>-</u>	<u>-</u>
<u>Southern Meth. Univ, Dallas</u>	<u>1946-46</u>	<u>-</u>	<u>-</u>
<u>Texas A&M, College Station</u>	<u>1946-48</u>	<u>BS, Mgt. Eng.</u>	<u>1948</u>

Employment record: List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

- (1) Ford Motor Company (see attachment #1)
- (2) President and CEO, Nissan Motor Mfg. Corp. U.S.A., Nissan Drive,
Smyrna, TN 37167, August 1980 to present.
- _____
- _____

Employment record—Continued

Honors and awards:

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

See attachment #2

Memberships:

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
<u>See attachment #3</u>		

Qualifications: State fully your qualifications to serve in the position to which you have been named.

See attachment #4

Future
employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes (with the exception of receipt of payments & benefits under
various plans and agreements)

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

I have no plans

3. Has anybody made a commitment to you for a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

N/A

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

None

Financial
Statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).
2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

See attachment #5

3. Are any assets pledged? (Add schedule).

None other than a mortgage on my primary residence and a home equity line of credit on a secondary residence in Monteagle, Tennessee

4. Are you currently a party to any legal action?

Yes - as President and CEO of NMMC, I am a defendant in one civil suit which alleges that I negligently failed to take corrective action in a sexual harassment situation. Further information on this matter is available through NMMC's General Counsel (615) 459-1414.

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

I was audited approximately 12 years ago. Minor adjustments resulted from this audit. Further information is available through my CPA,

Coopers & Lybrand, 313/446-7347

Potential conflicts of interest: 1. Describe any financial or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

I am not aware of any

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

I am not aware of any

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

If any conflicts of interest are caused by continuing obligations of Ford Motor Company or Nissan, I will recuse myself on any matters pertaining to them.

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

I am not aware of any conflicts of interest that will exist.

Political affiliation and activities: List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

See attachment # 6

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

None

Additional
Matters:

1. If there is any additional information which you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

I do not know of anything

2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

3. Having completed this form, are there any additional questions which you believe the Committee should ask of future nominees?

I cannot think of any

AFFIDAVIT

MARVIN TRAVIS RUNYON, Jr.

ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

M. T. Runyon

Subscribed and sworn before me this 25th day of November, 1987.

[Signature]
Notary Public

My Commission Expires: 3/5/88

RESUME

ATTACHMENT #1

MARVIN T. RUNYON, JR.Birth Date: September 16, 1924

Marital Status: Married
 Spouse Frances E.
 Children Marvin T. III
 Elizabeth Anne
 Paul Raymond
 James Andrew

Birth date: 12/19/26
 03/17/45
 01/22/52
 02/03/57
 01/17/59

Education:

12/41 06/43 Management Engineering, Texas A&M College, College Station, Texas
 04/46 01/48 Bachelor of Science Degree in Management Engineering, Texas A&M College
 04/64 04/64 Kepner-Trego Seminar, University of Michigan
 10/66 10/66 Managerial Grid Seminar, St. Clair, Michigan
 01/67 01/67 University of Michigan Seminar, Ann Arbor, Michigan
 05/67 05/67 Communications Seminar, Stratford, Ontario
 05/67 05/67 Management by Objectives Seminar, Eitchener, Ontario
 02/68 02/68 Management Development Seminar, Toronto, Ontario
 05/68 05/68 Quantitative Decision Making Seminar, Port Huron, Michigan
 03/71 03/71 Xicom Confrontation-Search Workshop, Detroit, Michigan
 05/71 05/71 Telemetrics, Hillsdale, Michigan
 11/71 11/71 Telemetrics, Ann Arbor, Michigan

Outside Associations:

Society of Automotive Engineers, Inc.
 Engineering Society of Detroit

Company Committee Membership:

Advanced Review Committee
 Engineering and Research Subcommittee
 Manufacturing and Supply Subcommittee
 Durability, Quality and Reliability Subcommittee
 Political Contributions Committee

Ford Experience:

07/43 10/43 Hourly Employee - Dallas Assembly Plant
 10/43 12/45 Military Service-Second Lieutenant, Air Corps
 12/45 04/46 Hourly Employee - Dallas Assembly Plant
 04/46 01/48 Student - Texas A&M College
 01/48 08/53 Atlanta Assembly Plant - Hourly, Work Standards Engineer,
 Methods Engineer, Tool Engineer, Quality Control Engineer,
 Production General Foreman

Marvin T. Runyon "12/16/24"

RAYMOND A. RUMYON, JR.

- 08/53 09/57 Technical Assistant to Production Manager - Ford Division General Office
This assignment consisted of traveling to fourteen assembly plants in the United States for the purpose of assisting them in problem situations concerning production techniques, tooling, material problems and other problems associated with the operation of the assembly plants. During this period worked on the launch team for planning and launching three car and truck assembly plants.
- 09/57 04/59 Planning and Engineering Manager - Lorain Assembly Plant
This assignment consisted of construction of a \$45 million assembly plant; staffing and launching the traffic, production control, purchasing, process engineering and plant engineering departments during the construction, start up and operation of the assembly plant.
- 04/59 10/60 Operations Manager - Lorain Assembly Plant
This assignment consisted of performing the duties of the Planning and Engineering Manager listed above plus the responsibility for staffing, start up and management of the addition of a night shift production operation equivalent to the day shift operations. During this period the Falcon and Comet vehicles were launched. These were the first unitized cars built in the Ford Motor Company. Also, the Econoline truck, which was the first unitized truck built by Ford Motor Company, was launched at this plant.
- 10/60 03/64 Assistant Plant Manager - Mahwah Assembly Plant
Responsible to the Plant Manager for the operation of all facets of the assembly plant. The primary objective of this assignment was to reorganize the existing operation, improve cost, quality and general operation of the plant. The plant employed 4500 hourly employees and 500 salaried employees and produced Ford cars, Mercury cars and Trucks F100 through F600. During this assignment the Mahwah operation was changed from a loss position to a profit and the quality was improved to a position above the division average from last place.
- 03/64 02/65 Assistant Plant Manager - Metuchen Assembly Plant
Responsible to the Plant Manager for the operation of all facets of the assembly plant. The primary objective of this assignment was to reorganize the existing operation, improve cost, quality and general operation of the plant. This plant employed 3500 hourly employees and 400 salaried employees and produced Falcon and Comet vehicles. An additional assignment during this period was to discontinue the Falcon production and start up the Mustang, a new car line. Both of these assignments were successful as cost and quality were brought to the above average levels and the launch of the Mustang was very successful.
- 02/65 05/66 Plant Manager - Norfolk Assembly Plant
The primary objective was completion of the modernization of the Norfolk Assembly Plant and reorganize the concepts of operation from a small plant 600,000 sq.ft. to a larger operation, 1,000,000 sq.ft. This plant employed 1400 hourly employees and 275 salaried employees and produced Ford cars and trucks, F100 through F600, including buses. Introduced a Zero Defects philosophy which was successful in making Norfolk achieve the best quality level of any plant in the division.

W. H. Rungen "1/25/83"

Martin T. Runyon, Jr.

- 05/66 06/69 Plant Manager - St. Thomas Assembly Plant.
Responsible for the planning, constructing and staffing of the St. Thomas plant starting with the cornfield. The plant was 1.5 million Sq.Ft. and was constructed at a cost of \$65 million. The objective of this plant was to introduce new operating facilities which were different than any other plant as a pilot installation for new plant concepts in the division. As a result of this installation, all new plants at Ford will follow the St. Thomas design. The plant employed 2300 hourly and 400 salaried employees on a two-shift basis and produced 52 units per hour. The new Maverick was launched at the St. Thomas plant during this period. This plant was the Company's best performer in quality and cost at the end of three years from the start of construction.
- 06/69 07/70 Regional Operations Manager - Automotive Assembly Division General Office
Responsible to the Division General Manager for the operation of nine assembly plants. These plants employed approximately 4000 salaried employees and approximately 25,000 hourly employees. The majority of these plants were two-shift mixed car line plants. Units built at these plants were Thunderbird, Ford, Mercury, Torino, Mustang, Pinto, Maverick and Truck.
- 07/70 11/72 Assembly Engineering Manager - Automotive Assembly Division General Office
Responsible to the Divisional General Manager for all engineering components of the division. This included the maintenance, upkeep and equipping of 17 assembly plants. Also responsible for the changeover from one model year to another of all equipment in the assembly plant and the design and purchase of all tooling required for assembly of all cars produced by the Ford Motor Company in the 17 assembly plants. Responsible for the approval of product design for production feasibility and for the functioning and approval of all new parts for production. Responsible for the incoming quality of all parts purchased from suppliers and also maintained a surveillance over Company supplying divisions to the Automotive Assembly Division. Directed the activity of the industrial engineering, plant engineering, facilities engineering, systems engineering and forward products engineering and special studies engineering. Approximately 1000 persons were engaged in this activity. During this period initiated the "back-to-back" launching concept whereby the assembly plants were not shut down for model changeover. By accomplishing this, it was possible to increase the capacity of the Company by the equivalent of two new assembly plants as downtime historically required from 3 to 8 weeks for changeover.
- 11/72 04/73 General Manager - Automotive Assembly Division General Office
Responsible to the vice president, Body and Assembly Operations. The Automotive Assembly Division consisted of 60,000 hourly and 12,000 salaried employees who were employed in 21 assembly plants and the Division General Office. The Division was responsible for manufacture of all cars and truck for the United States, Canada and Export. The Division was responsible for the purchase of parts and components from outside suppliers in the amount of \$6 billion. It also had the responsibility of coordination of the other divisions in the Ford Motor Company who also supply parts for the manufacture of vehicles. The design and purchasing of tooling, construction and equipment of plants, sourcing of product lines to the plants considering all factors of incoming and outgoing freight, other locations, etc were all included as part of the responsibility of this Division.

11/25/73 M.T. Runyon

Warren A. Munyon, Jr.

04/73 07/77 Vice President, Body and Assembly Operations
Body and Assembly Operations consisted of Automotive Assembly Division, Metal Stamping Division, Body Engineering Office, General Products Division and Purchasing and was responsible for the assembly of cars and trucks for the United States, Canada and Mexico. Body and Assembly Operations was responsible for the manufacture of sheet metal parts, paint and vinyl, electrical and mechanical parts produced by the Company with the exception of powertrain components, the body engineering portion of the vehicle, and purchasing of all parts which are not manufactured by Ford Motor Company. During this period Body and Assembly Operations was responsible for the purchase of an existing plant and installation of 8 press lines to increase stamping capacity. This job varied during the four year assignment in content regarding the divisions and components reporting to it, but the responsibility for the assembling of vehicles did not change.

07/77 01/79 Vice President, Powertrain and Chassis Operations
Powertrain and Chassis Operations consisted of the Transmission and Chassis Division which manufactured transmissions, rear axles, all suspension components, steering gears, etc., and the Engine Division which was responsible for assembly of all engines used in North American products. The purpose of this assignment was to broaden my experience as this was the only phase of manufacturing in which I had not been previously engaged. During this period it was necessary to start up a new transaxle plant and a new engine plant to meet the changing market demands. Searching for the sites, negotiating with the states, and arriving at a conclusion on location of the plants was part of the responsibility during this period.

01/79 Vice President, Body and Assembly Operations
The manufacturing operations were restructured to include engineering and purchasing along with manufacturing. At this time the Automotive Assembly Division, Metal Stamping Division, Body and Electrical Engineering, Purchasing and General Services Division report to this position. At the present time there are 98,000 hourly and 22,000 salaried employees reporting to this position. There are 21 assembly and trim plants reporting to the Automotive Assembly Division. There are 8 stamping, wheel, frame, and tool and die plants reporting to the Metal Stamping Division. The Purchasing office is responsible for a \$9 billion buy per year. The Body and Electrical Engineering office is responsible for design of all body and electrical components used in both cars and trucks. General Services Division is responsible for maintenance of all facilities in the Dearborn area, running of all computer facilities, reprographics, photographs and printing in the Dearborn area, running of the rail road in the Rouge, running of the Rouge trucking operations, security, fire protection, and medical facilities in the Rouge. During this past year, Body and Assembly Operations successfully completed a major launch of 12 of its assembly plants, which was the largest in Company history. This was done while maintaining high quality levels and achieving \$118 million performance to budgeted cost levels.

WAM - 1/25/79

Marvin T. Runyon

ATTACHMENT #2

HONORS

1985	"President" on 1985 All-Star Team, <u>Automotive News</u>
1985	Manager-of-the-Year, Avco Aerostructures Chapter of National Management Association, Nashville, TN
1985	CEO-of-the-Year, Advantage Magazine, Nashville, TN
1986	Distinguished Service Citation, Automotive Hall of Fame
1986	1985 Salesman-of-the-Year, Sales & Marketing Executive Club, Nashville, TN
1986	Honorary Chairman, Clinic Bowl, Nashville, TN
1986-88	Honorary General Committee for the International Federation of Automotive Engineering Societies' 1988 Congress

mm Runyon 11/21/87

ATTACHMENT #3

Marvin T. Runyon

<u>NAME</u>	<u>ADDRESS</u>	<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>OFFICE HELD</u>
Southeast U.S./Japan Association	Dept. of Economic & Community Development 320 6th Ave. North Nashville, TN 37219-5308	Civic	1981		Governor's Advisory Board
Tennessee Technology Foundation	One Energy Center P.O. Box 23184 Knoxville, TN 37933	Professional	1982		Board of Directors
Tennessee Minority Purchasing Council	Bldg. #3, Suite 235 Maryland Farms Brentwood, TN 37027	Civic	1982	1983	Chairman of Corporate Advisory Committee
Leadership Nashville	P.O. Box 2682 Nashville, TN 37219-0682	Civic	1982	1983	Participant
INROADS/Nashville, Inc.	Box 3111 Nashville, TN 37219	Civic	1983		Advisory Board
Nashville Area Chamber of Commerce	161 Fourth Ave., North Nashville, TN 37219	Professional	1983	1985	Board of Governors
United Way of Nashville and Middle Tennessee	250 Venture Circle P.O. Box 24667 Nashville, TN 37202	Civic	1984	1986	Board of Trustees
Tennessee Association of Business	226 Capitol Blvd. Suite 800 Nashville, TN 37219	Professional	1984	1987	Board of Governors

Marvin T. Runyon 1/25/87
 Marvin T. Runyon
 Date

ATTACHMENT #3

Marvin T. Runyon

<u>NAME</u>	<u>ADDRESS</u>	<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>OFFICE HELD</u>
College of Business Administration, Texas A&M University	College Station, TX 77843-1112	Professional	1984	1987	Development Council Member
Automotive Hall of Fame	P.O. Box 1727 Midland, MI 48641-1727	Professional	1985		Board of Trustees
United Way of Nashville and Middle Tennessee	250 Venture Circle P.O. Box 24667 Nashville, TN 37202	Civic	1985	1986	General Campaign Chairman
National Conference of Christians & Jews, Inc.	100 Oaks Office Tower Suite 332 Nashville, TN 37204	Civic	1985	1988	Board of Directors
Rotary Club of Nashville	One Nashville Place Box 88 Nashville, TN 37219	Fraternal	1986	1988	Board of Directors
Nashville/Davidson County Unit of American Cancer Society	2008 Charlotte Ave. Nashville, TN 37203	Civic	1986	1988	Board of Directors
International Federation of Automotive Engineering Societies' 1988 Congress	400 Commonwealth Dr. Warrendale, PA 15096-0001	Professional	1986	1988	Honorary General Committee Member
United Way of Rutherford County	102-1/2 E. Vine Street Room 204 A, Mid-State Bldg. P.O. Box 37 Murfreesboro, TN 37130	Civic	1986	1989	Board of Directors

MT Runyon 11/25/87
 Marvin T. Runyon Date

ATTACHMENT #3

Marvin T. Runyon

<u>NAME</u>	<u>ADDRESS</u>	<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>OFFICE HELD</u>
Cumberland Museum	800 Ridley Blvd. Nashville, TN 37203-4899	Civic	1986		Board of Directors
Leadership Nashville Alumni Association	4440 Tyne Blvd. Nashville, TN 37205	Civic	1986		President
Nashville State Technical Institute	120 White Bridge Road P.O. Box 90285 Nashville, TN 37209-4515	Professional	1987		Development Advisory Board
Center for International Business Studies, Texas A&M University	College Station, TX 77843-1112	Professional	1987		Advisory Board
Society of Automotive Engineers, Inc.	400 Commonwealth Dr. Warrendale, PA 15096-0001	Professional	1972		Member
Engineering Society of Detroit	100 Farnsworth Detroit, MI 48202	Professional	1972		Member

MT Runyon 4/25/87
 Marvin T. Runyon Date



MARVIN T. RUNYON
PRESIDENT AND CHIEF EXECUTIVE OFFICER

CAREER BACKGROUND

Mr. Runyon was named President and Chief Executive Officer of Nissan Motor Manufacturing Corporation U.S.A. in August 1980.

In June 1980, he retired from Ford Motor Company after 37 years of service. Prior to his retirement from Ford he had served as Vice President, Body and Assembly Operations, overseeing 29 plants and 120,000 Ford employees.

He began his career as an hourly worker in a Ford assembly plant in Dallas, Texas. During the ensuing years, Mr. Runyon was Plant Manager for two assembly plants, General Manager of the Automobile Assembly Division and Vice President, Powertrain and Chassis Operations. He was elected a Vice President of Ford in 1973.

EDUCATION

Mr. Runyon received his B.S. degree in managsment engineering from Texas A&M University.

MT Runyon
11/25/87

PROFESSIONAL, BUSINESS AND CIVIC AFFAIRS

1981	Governor's Advisory Board, Southeast U.S./Japan Association
1982	Board of Directors, Tennessee Technology Foundation
1982 - 1983	Chairman of Corporate Advisory Committee, Tennessee Minority Purchasing Council
1982 - 1983	Leadership Nashville Participant
1983	Advisory Board, INROADS/Nashville, Inc.
1983 - 1985	Board of Governors, Nashville Area Chamber of Commerce
1984 - 1986	Board of Trustees, United Way of Nashville and Middle Tennessee
1984 - 1987	Board of Governors, Tennessee Association of Business
1984 - 1987	Development Council, College of Business Administration, Texas A&M University
1985 -	Board of Trustees, Automotive Hall of Fame
1985 - 1986	General Campaign Chairman, United Way of Nashville and Middle Tennessee
1985 - 1988	Board of Directors, National Conference of Christians & Jews, Inc.
1986 - 1988	Board of Directors, Rotary Club of Nashville
1986 - 1988	Board of Directors, Nashville/Davidson County Unit of American Cancer Society
1986 - 1988	Honorary General Committee for the International Federation of Automotive Engineering Societies' 1988 Congress
1986 - 1989	Board of Directors, United Way of Rutherford County
1986	Board of Directors, Cumberland Museum, Nashville, TN

W. H. King - 12/1/87

1986 President, Leadership Nashville Alumni Association

1987 Development Advisory Board, Nashville State Technical Institute

1987 Advisory Board, Center for International Business Studies, Texas A&M University

Society of Automotive Engineers, Inc.

Engineering Society of Detroit

HONORS

1985 "President" on 1985 All-Star Team, Automotive News

1985 Manager-of-the-Year, Avco Aerostructures Chapter of National Management Association, Nashville, TN

1985 CEO-of-the-Year, Advantage Magazine, Nashville, TN

1986 Distinguished Service Citation, Automotive Hall of Fame

1986 1985 Salesman-of-the-Year, Sales & Marketing Executive Club, Nashville, TN

1986 Honorary Chairman, Clinic Bowl, Nashville, TN

1986-88 Honorary General Committee for the International Federation of Automotive Engineering Societies' 1988 Congress

PERSONAL INFORMATION

Mr. Runyon was born September 16, 1924, in Fort Worth, Texas.

Mr. Runyon
11/25/87

Attachment #5

It is my intention that I would be sworn in as a Director of TVA in the second week of January and, after that time, I will receive the following payments:

1. Ford retirement pay of \$90,745.80 per year on a monthly basis.
2. Nissan retirement pay of \$90,000 per year on a monthly basis.
3. Nissan Executive Insurance Plan payments of:

January 1, 1989	\$495,000
January 1, 1990	\$495,000
January 1, 1991	\$429,000
January 1, 1992	\$405,000
January 1, 1993	\$360,000
4. One-time Nissan Investment Security Plan (401K) distribution on or about March 1, 1988 of approximately \$169,572.
5. In addition to that, I have life insurance and health insurance from Nissan and Ford Motor Company.
6. I am entitled to one vehicle outright with the right to lease three others annually from Nissan Motor Manufacturing Corporation U.S.A. for life.

M.T. Runyon
 Marvin T. Runyon
 11/25/87

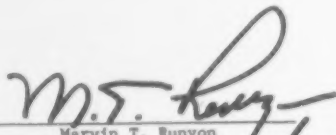
Attachment # 6

I have not held any memberships or offices, or been active with any political affiliation. I am not aware of any services I have rendered to any political party or election committee during the last 10 years; however, I have encouraged other members of the executive team at Nissan Motor Manufacturing Corporation U.S.A. to contribute funds to the Auto PAC.

Financial contributions in excess of \$1,000 are as follows:

09/19/83	\$3,000	Tennessee Republican Party
10/09/84	\$3,000	Tennessee Republican Party
07/29/85	\$2,000	Auto Dealers & Drivers for Free Trade PAC
10/03/85	\$3,000	Tennessee Republican Party
08/26/86	\$5,000	Auto Dealers & Drivers for Free Trade PAC

I have not included contributions of exactly \$1,000.


Marvin T. Runyon
11/25/87

TESTIMONY OF
RICHARD H. FULTON
Former Member of Congress
Former Mayor of Nashville, Tennessee

on behalf of the nomination of

MARVIN RUNYON
as Chairman of the Board
of the
Tennessee Valley Authority

Presented before the

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
The Honorable Quentin N. Burdick, U. S. S., Chairman
Tuesday, December 8, 1987

To the Honorable Chairman and Members of the Committee:

I appreciate this privilege to appear today to commend to you an outstanding citizen who has been nominated by our President to serve as Chairman of the Board of the Tennessee Valley Authority.

As a member of the United States Congress for seven terms, it was my distinct pleasure to work with many of you on this Committee in support of institutions and programs which have been of great lasting benefit to the economy of our nation in general, and the Southeastern United States, in particular.

The Tennessee Valley Authority is one such institution which has had a prolonged, positive impact on our region, and which has served as an example of progressive development influence for the entire world. The Authority has not been without its problems in recent years, however, and there is no question that it could benefit from the guidance of the sharpest minds available on its Board.

Few people could present the credentials Marvin Runyon brings to such an assignment.

When he first came to Nashville a few years ago, he was greeted with Southern hospitality, but there was skepticism as to how this first big venture of bringing a major Japanese automobile manufacturer into domestic production would succeed, and probably some skepticism as to how well Marvin Runyon would fit into our community.

It gives me great pleasure to report that not only has his Nissan USA operations surpassed every optimistic expectation, but Marvin Runyon quickly melded into a leadership role in our business community and civic affairs.

His management expertise has been utilized extensively by many community organizations. One signal accomplishment occurred when he accepted the challenge of chairing our United Way campaign, and dared to set a goal more than 20 percent higher than the previous year. His leadership enabled us to exceed that goal, and through his skills, United Way instituted new management programs that have set it on a course of long-term success.

I know Marvin Runyon as an individual who insists on quality, cost effectiveness, innovation and dedication to productivity. He is a man of incredible talent in managing people and other resources.

He is the man for this job. Confirming his chairmanship of the Tennessee Valley Authority Board would be the greatest single action you can take to improve the TVA for the future.

I assure you that thousands of Nashvillians will appreciate and benefit from your affirmative consideration of his nomination.

Thank you again for the opportunity to share these thoughts.

-- RICHARD H. FULTON
Nashville, Tennessee

Senator BURDICK. Our next item of business is the nomination of Linda J. Fisher to be Assistant Administrator for Policy Planning and Evaluation, Environmental Protection Agency. Will the witness please take the chair?

You may proceed with your statement.

STATEMENT OF LINDA J. FISHER, NOMINEE TO BE ASSISTANT ADMINISTRATOR FOR POLICY, PLANNING, AND EVALUATION, ENVIRONMENTAL PROTECTION AGENCY

Ms. FISHER. Thank you, Mr. Chairman. I am deeply honored to appear before you today for your consideration as the nominee to serve as Assistant Administrator for Policy, Planning and Evaluation at the Environmental Protection Agency.

In this statement I would like to outline for you briefly my qualifications for the position, tell you a little bit about the role that that office plays at EPA, and outline for you some of the priorities I see facing me over the coming year.

At the outset, however, I would like to express to you my belief in both the goals and the mission of the Environmental Protection Agency and my intent to work with Congress as we meet those goals.

EPA is a vital Agency. The Congress has given EPA enormous responsibility to protect human health and the environment from the dangers caused by contamination. We can only meet those responsibilities by working, as an agency, very closely with the Congress, and I assure you that I will do that.

The role of the Office of Policy, Planning and Evaluation at EPA is a unique one. It performs three major responsibilities. The first one is that OPPE participates in and manages the agency's development of regulations, guidance and policies. It also assists the Administrator by managing the tracking system that assures that the line program offices are in fact implementing their programs consistently and effectively across the country.

Secondly, it serves as a repository for specialized expertise within EPA. We house the agency's statistical capability as well as the Program Evaluation Division, which acts as a management consultant to the agency. These specialized skills are available across the agency to all program offices.

Thirdly, it provides a thoughtful place for identifying and nurturing emerging environmental issues, issues that do not necessarily fall into a traditional media or under a particular statute. Some examples of these are depletion of the stratospheric ozone layer, global climate change, and the concept of analyzing cross-media impact from our environmental decisions.

I believe I am qualified for this position both academically and professionally. Academically, I have a law degree as well as a masters' degree in business administration. However, the real strength that I bring to this position is in the experience that I have had. For the past four and a half years I have served as either Special Assistant or Chief of Staff to the Administrator, Lee Thomas. Prior to that I served as a legislative assistant in the House of Representatives.

During my past several years at EPA I have worked in a number of areas that I believe will help me carry out my new duties effectively should I be confirmed. I have had the opportunity to oversee and participate in policy development on a broad number of issues. I have also assisted the Regions and the program offices as they have faced the challenges resulting from our environmental laws. I have also had a great opportunity to work with Congress, and especially the members of this committee. I was the Chairperson of the Interagency Task Force that developed the Administration's position on Superfund and played a large role as the spokesman for the Administration as the Congress reauthorized that law.

It is because of these and other experiences that I believe I have a sound understanding of our environmental laws and, more importantly, the objectives the Congress had in mind in enacting them, as well as the challenges that those laws pose to our agency as we attempt to implement them.

Although I anticipate working on many important issues over the coming year, there are a few that I think will command more of my attention. The first of those is the study of global climate change. I will be closely managing the studies that this Congress, and particularly this committee, has requested of the EPA. I consider this work to be extremely important because I believe it will lay the foundation for additional scientific research as well as policy analysis to be done so that the Administration and the Congress can evaluate policy options to address this problem.

A second area of priority attention for me will be furthering the office's work on innovative ways to address environmental challenges. We have successfully regulated major sources, but we are going to need to do a lot more if we are going to meet the requirements of the environmental laws. I believe that the next generation of environmental regulation will be somewhat different from those that we have known in the past. The next generation of regulation will have to address problems that are more complex and less obvious. To address these challenges we are going to have to regulate smaller sources that are far more numerous and widespread than those we have in the past. The cost per unit of control technology will be very expensive, and the impact of those costs will be felt by individuals, both financially and in terms of their lifestyles. It will also be felt by communities as well as small businesses.

Additionally, we will have to pay particular attention to the cross-media impact of all of our regulatory efforts. We must be aware that if we are not careful, we may end up doing little more than moving pollution from one media to another.

A third area that I intend to focus particular attention on will be in strengthening the capabilities of State and local governments. If we are going to successfully meet the challenges posed to the environment in the 1990's and beyond, we will have to have the cooperation of State and local governments as we attempt to regulate smaller businesses and individuals and communities.

I think we're making a lot of progress in our relationships with different levels of Government. For instance, EPA currently has an EPA-State Committee which is comprised of senior managers at both levels of Government where they can air their concerns and

problems that they are facing as they implement the environmental laws.

Another example is our Geographic Initiative Program. Through that program we have worked on regional and State levels to look at environmental protection across media. Through this program we have identified major pollution sources in localities. We have helped them set priorities for attention and we have helped them resolve the problems that satisfy the needs of all environmental media.

I hope this brief statement gives you an idea of my qualifications for this position as well as some of the priorities that I intend to address over the coming year. EPA is a unique resource that serves all of EPA. It guides the agency's policy development, it provides technical services to all offices, and it serves as the intellectual center where new ideas can be researched and tested.

I have had an opportunity to meet and work with a lot of the staff in the Office of Policy, Planning and Evaluation. I have found them to be a particularly talented group and very enthusiastic in meeting EPA's objectives. I look forward to the challenges posed by this new position, and I look forward to working with the members of the Senate as we face these environmental problems.

Thank you, Mr. Chairman. If you have any questions, I'd be glad to answer them.

Senator BURDICK. Your new office has the general responsibility within the agency for improving management and effectiveness of agency programs, yet there are some in the environmental community and in the agency who charge that the office delays and weakens some agency actions and acts like a "mini-OMB" within the EPA.

As someone who has worked in a line program office and in the Administrator's office, do you feel there is any basis for this criticism?

Ms. FISHER. Senator, I think that criticism is reflective of certain operations of the Office of Policy, Planning and Evaluation in the past. I have been very interested in—and as Assistant Administrator I will be interested in—having that office not serve as a delaying agent but rather be involved in the development of policies early on so that the issues that they raise can be addressed early as policies are developed rather than later in the process when they might be seen as delay tactics.

Senator BURDICK. What will you do to improve the reputation of the office among industry groups and within the agencies?

Ms. FISHER. I think perhaps the most important thing that I bring to that office is an understanding of both the needs and the concerns of a program office, having worked in the Office of Solid Waste and Emergency Response. I am hopeful that my perspective from both that opportunity, as well as being Chief of Staff to the Administrator, will strengthen the faith that other offices have in the Policy Office.

Senator BURDICK. A great deal of the work of your new office is in the area of risk assessment and comparison of risks. There has been some concern that the agency will use comparative risk assessment in making overall resource allocations. Does the agency

plan to use comparative risk assessment in overall resource allocations in the fiscal year 1989 budget?

Ms. FISHER. No, Senator. At this point there is no intention to use the comparative risk study for purposes of budget priorities.

Senator BURDICK. Will you provide to this committee in writing your assessment of comparative risk projects in the agency and your views on the appropriate use of risk assessment in resource allocation?

Ms. FISHER. Yes, Senator, I will. As a matter of fact, I have already asked the staff of OPPE to pull together for me a summary of all the different risk projects that they have underway right now, and I'd be glad to provide that to the committee once it's completed.

Senator BURDICK. Thank you.

Senator STAFFORD?

Senator STAFFORD. Thank you, Mr. Chairman.

As an aside, I speculate that the collapse of the television light a few minutes ago may have been a delayed reaction to Gary Hart's announcement this noon.

Linda, do you own any properties or hold any positions which would put you in a conflict of interest position if you are confirmed in this position at EPA?

Ms. FISHER. No, Senator, I don't.

Senator STAFFORD. Are you willing to appear in front of any committee of the House or the Senate of the United States Congress if asked to do so?

Ms. FISHER. Yes, sir.

Senator STAFFORD. All right.

I'd like to just make two points after listening to your testimony. First, the importance of the issue of global climate change, which you touched on, and atmospheric contamination—those two things rival the importance of any other issue facing humanity generally. There is no good reason to wait to develop policy responses to deal with these problems.

Second, whatever its intellectual merits, risk assessment has been used too often to merely lessen the burdens on polluters rather than lessen the threat to the public. Such a policy is unacceptable to this Senator, and I would hope to hear that it is equally unacceptable to you.

Ms. FISHER. Senator, our concern about risk assessment is to determine exactly what threats are posed to the public and to the environment and to act accordingly on those. The intention is not one to merely reduce the burden on companies at all.

Senator STAFFORD. You're going to be Chair of the EPA—or you are Chair—of the EPA Working Group on Global Climate Change.

Ms. FISHER. Yes, sir.

Senator STAFFORD. Several Senators, including myself, have asked for the date by which the agency will submit a report on policy and other options for dealing with global climate change. I would appreciate receiving that date, as well as the other information that we have requested.

Ms. FISHER. Yes, Senator, I will do that. I am in the process of meeting with my staff to lay out what I would call a realistic time frame for supplying that information to the Congress, and also

identifying for you some interim dates that, prior to the development of those reports, we will be able to share with you some of the information that we have received.

Senator STAFFORD. All right.

Do you believe that we should begin taking actions now to reduce greenhouse gases such as carbon dioxide? For example, we could build more efficient powerplants; I guess anybody would agree to that.

Ms. FISHER. Yes, sir.

Senator STAFFORD. And I assume you do.

Ms. FISHER. There's no problem with building more efficient powerplants.

Senator STAFFORD. Secondly, do you think we should begin to avoid actions which would unnecessarily increase greenhouse gases? For example, should automobiles and trucks be converted to coal-derived methanol, that would double their CO₂ emissions. Do you believe we should, under those circumstances, be embarking on any massive methanol-derived-from-coal program?

Ms. FISHER. Senator, one of the things that we are looking at in the process of developing those reports is how our current energy policies and environmental policies may be either serving to help us as we deal with the global climate change problem, or in fact making the matter that much worse. One of the areas that we will be looking at is both energy efficiency—the one that you identified, the alternative fuels issue—as well as others. So that is one area that we definitely are analyzing in the course of developing these reports.

Senator STAFFORD. Thank you very much. I have two or three more questions that I'm going to submit to you in writing. I think we want to vote on your confirmation on Thursday. If you could get brief answers to them up to us tomorrow, we would appreciate it. And for the same purpose, Senator Durenberger had to leave but he has some questions he would like to submit in writing. I'm sure that if you could find time to answer them as well tomorrow, it would expedite our voting on your confirmation on Thursday.

Ms. FISHER. Yes, Senator, I'll do my best.

Senator STAFFORD. All right. Thank you.

Thank you, Mr. Chairman.

[A response to Senator Stafford follows:]



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 29 1988

OFFICE OF
POLICY, PLANNING AND EVALUATION

Honorable Robert T. Stafford
Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Senator Stafford:

During my confirmation hearings several questions were raised concerning the agency's commitment to assess the global climate change issue. This letter is intended to convey my strong interest in this subject, to summarize our recent activities and to provide you with a sense of our schedule for the next year.

First, let me assure you that the stimulus provided by Congress has provoked attention to this issue at all levels of this agency during the past year. We have gone through an extensive planning process, begun to work with other agencies and held numerous workshops with members of the scientific community to discuss critical scientific issues. We have expanded the staff working on the climate program and developed over fifty projects with other federal agencies, academic institutions and contractors. We are actively participating in interagency dialogues and expanding international activities on this subject.

Second, we are engaged in producing the two reports requested by the Congress. We believe these reports will provide significant insights about the global change issue, but because of the nature of the problem they will only be a first step. We anticipate that much more work will remain to be done in the years that follow. In the next several months, preliminary information from many of the investigators contributing to the reports will be provided to EPA. We will hold at least four workshops in March and April to present our initial analyses and to gather information from technical and policy experts. Workshops will be held to explore current knowledge on potential energy conservation strategies, emerging energy technologies, energy development paths in less developed countries and potential agriculture and deforestation strategies. Staff members from your committee will be invited to these workshops. In August, we anticipate that draft reports will be submitted to EPA's Science Advisory Board and other experts for review. We expect a formal review by the SAB in September, Executive Branch review in November and final report for Congress in December 1988.

-2-

Finally, we clearly recognize that this issue is not one that can be dealt with by any one nation. Toward this end, we have already begun to work with the United Nations Environment Programme and the World Meteorological Organization to explore ways that we might coordinate and develop an intergovernmental mechanism that would allow us to conduct a scientific assessment of global climate change. We also recently hosted a workshop of OECD countries that concluded that energy and economic analyses should be conducted within OECD and we have expanded bilateral agreements with countries such as China, U.S.S.R. and Canada to deal with climate issues. We expect this groundwork of international activities to provide a strong foundation for future understandings.

Please be assured of my commitment and interest in the global climate issue. I would be pleased to answer any questions you may have on our activities.

Sincerely,

Linda J. Fisher
Linda J. Fisher
Assistant Administrator

Senator BURDICK. Senator Breaux?

Senator BREAU. Thank you, Mr. Chairman.

Thank you, Ms. Fisher, for being here.

I think it needs to be said that the qualifications of Linda Fisher for this position stand in stark contrast to the lack of qualifications of the previous nominee. Here is a person who comes with years of professional background, experience, training and knowledge in the area to which she is being nominated.

We will not always agree with your positions, and that is how it should be. But there can be no disagreement in the Congress that you are, in fact, an extremely qualified and knowledgeable professional in this very important area. I congratulate you and I congratulate the Administration on your nomination, as I chastised them in the strongest terms for the previous nomination. We are looking forward to working with you in your new position.

Let me just ask one question. You are going to be Assistant Administrator for Policy and Planning. What are your policy and plans for us to get out of the clean air mess that we're in? We've got the House and the Senate extending it for 8 months. We need some policy and planning and evaluation, that's what your title is. So what's going to be your suggestion in that position for what we should do with the Clean Air Act?

Ms. FISHER. Senator, I think over the next few months we will be meeting with members of the Senate and the House to review agency strategy for the post-1987 attainment of the ozone levels. We proposed our policy about a month ago, and the Administrator as well as others in the agency will be meeting with Members of Congress to talk about how you could take that strategy and incorporate it into legislative language, and then work with the Congress to resolve the differences between the Waxman bill, the Mitchell bill, and the agency's policy.

Senator BREAU. Well, I know this is not the time or the place to get involved in details about how we're going to handle it, but it should be a high priority. I know it is for you all, because we're really stuck. For those who want a Clean Air Act, we're going to have to do some real thinking and working together on some versions; otherwise, we'll just keep on extending it, which is not in anybody's interest.

I congratulate you, Linda, for being willing to take the position and the Administration for nominating you.

Ms. FISHER. Thank you very much.

Senator BURDICK. Well, thank you, Linda. This concludes today's hearing.

Ms. FISHER. Thank you, Senator.

Senator BURDICK. I expect that these two nominations will be taken up at the next business meeting of the full committee.

The committee stands adjourned.

[Whereupon, at 3:35 p.m., the committee was adjourned, to reconvene at 10:00 a.m. on Thursday, December 17, 1987.]

[A statement from Senator Mitchell, responses to a committee questionnaire, and responses to additional questions follow:]

STATEMENT OF HON. GEORGE J. MITCHELL, U.S. SENATOR FROM THE STATE OF MAINE

Thank you, Mr. Chairman. I would like to welcome our nominees, Mr. Runyon, and Ms. Fisher, to this hearing.

I look forward to hearing the views of both our witnesses and I am particularly interested in the thoughts Ms. Fisher has concerning management of EPA's Office of Policy, Planning and Evaluation.

I remember working with Ms. Fisher during the long conference on the recently enacted Superfund legislation. I have respect for her abilities and for her thorough knowledge of the workings of the EPA.

I am concerned, however, that the office she is nominated to head has a very mixed record of contributions to environmental programs authorized by this Committee.

On the one hand, the office has done some good work on the crucial problem of global warming and sea level rise. And, the Office has developed the concept of addressing a range of different problems in a geographic area.

On the other hand, the office has developed a reputation for delaying important Agency actions and for using economic analysis in ways not contemplated by the Congress to revise the effect of regulations. The use of risk assessment in the implementation of our environmental statutes and in resource allocations within the Agency is another area of concern.

Given these concerns among members of the Committee, I was surprised and disappointed to learn that the Agency had not been responsive to various questions submitted by the Committee staff in preparation of the hearing.

If we are to do our job in reviewing these nominations in a timely manner, we need the cooperation of the Agency in answering basic questions. I hope that the Agency will be more responsive in helping us prepare for future nominations.

Thank you, Mr. Chairman.

UNITED STATES SENATE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Fisher Linda Jane
(Last) (First) (Middle)
 Position to which nominated: Assistant Administrator for Policy,
Planning and Evaluation at EPA Date of Nomination: 11/2/87

Date of birth: 6-26-52 Place of birth: Saginaw, Michigan
(Day) (Month) (Year)

Marital status: Single Full name of spouse: _____

Name and ages of children: _____

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Miami University</u>	<u>9/70-6/74</u>	<u>B.A.</u>	<u>6/74</u>
	<u>University of Hawaii</u>	<u>Summer 1973</u>	<u>--</u>	<u>--</u>
	<u>George Washington University</u>	<u>9/75-12/77</u>	<u>M.B.A.</u>	<u>2/78</u>
	<u>Ohio State University</u>	<u>9/80-12/82</u>	<u>J.D.</u>	<u>12/82</u>

Employment record: List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

1. Legislative Assistant to Congressman Clarence J. Brown (R-OH)
Washington, D.C. 7/74-1/76
2. Legislative Assistant to Congressman Ralph S. Regula (R-OH)
Washington, D.C. 1/76-12/78
3. Associate Staff Member - House Appropriation Committee
Washington, D.C. 1/79-9/80
4. Law Clerk, Chester, Hoffman, Wilcox - Columbus, Ohio
1982-1983

Employment record—Continued

4. Special Assistant to the Assistant Administrator for Solid Waste and Emergency Response - 7/83 - 12/84
 5. Executive Assistant to the Administrator, EPA - 1985-Present

Resume Attached

Honors and awards:

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

E.P.A.

Unusually Outstanding Performance Award - 1984

Memberships:

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
<u>Delta Gamma</u>		<u>1970-1974</u>
<u>Miami University Student Foundation</u>	<u>Steering Committee</u>	<u>1973-1974</u>
<u>Miami University Alumni Club</u>	<u>Steering Committee</u>	<u>1975-Present</u>
<u>O.S.U. Student Bar Assoc.</u>	<u>Student Rep.</u>	<u>1981-1982</u>
<u>Ohio State Bar Assoc.</u>		<u>1983-1987</u>
<u>Miami University Alumni Bd.</u>		<u>1984-1985</u>

Qualifications: State fully your qualifications to serve in the position to which you have been named.

I believe my strongest qualification for this position is the experience and substantive knowledge of environmental issues I have gained working at the EPA as the Administrator's Chief of Staff. In this capacity, I have served as the Administrator's principal advisor on legislation and Agency policies in all program areas, and managed the development of Agency policies with cross-media and cross-program implications. During these years, I participated actively in the legislative process that resulted in enactment of many of EPA's current statutes. This experience has given me a good understanding of the legislative history and philosophy that supports our laws.

In addition to policy matters, I have also developed a solid understanding of the inter-workings of the Agency's resources and the people who manage them. I have assisted the program offices and regions in setting priorities and in resolving problems they encountered as they have implemented our environmental laws. With this background, I will be better able to oversee the planning, and evaluation functions of this position.

Future
employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will continue to be employed by EPA

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

No

3. Has anybody made a commitment to you for a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

Yes

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

Promotion within the EPA

Financial
Statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).
2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are any assets pledged? (Add schedule).

No

4. Are you currently a party to any legal action?

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

Potential conflicts of interest:

1. Describe any financial or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

No

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

None

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

There should be no conflict of interest.

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

I will fully comply with all conflict of interest

laws and regulations applicable to this position

and the Agency. See Attached letter of November 10, 1987

from Gerald Yamada regarding conflicts of interest.

Political affiliation and activities: List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

Statewide - 1982 - Saxbe for Attorney General Committee -
Fund Raising, finance
1982 - Clarence J. Brown for Governor - Volunteer
issue development
Local - 1981 - Columbus City Council - Snyder for Council
Committee - Scheduler, issue development
- 1980 - Door-to-door volunteer work
- 1980-83 - Membership Republican Women's Roundtable -
Franklin County Republican Party

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

None

Additional
Matters:

1. If there is any additional information which you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

3. Having completed this form, are there any additional questions which you believe the Committee should ask of future nominees?

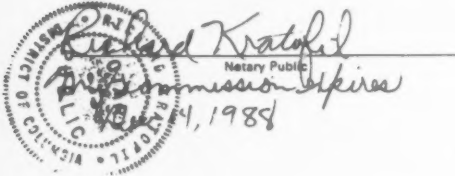
No

AFFIDAVIT

Buda J. Sider ss, being duly sworn, hereby states that ~~he~~/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Buda J. Sider

Subscribed and sworn before me this 30TH day of NOV. . 1987.



LINDA J. FISHER

Home address

1233 Portner
Alexandria, Va. 22314

703/549-8077

Office address:

401 M Street, S.W.
Washington, D.C. 20460

202/382-4700

PROFESSIONAL EMPLOYMENT

U.S. ENVIRONMENTAL PROTECTION AGENCY

EXECUTIVE ASSISTANT TO THE ADMINISTRATOR - 1/85 - Present

- . Served as chief policy and political advisor to the Administrator.
- . Chief of Staff and manager of the Offices of the Administrator consisting of 45 FTE and \$1.9 million.
- . Managed development of major policy initiatives for the Administrator.
- . Served as principal liaison with White House.
- . Chaired Task Force on Superfund Reauthorization bill which was signed into law by President Reagan October 17, 1986.
 - Managed inter-Agency Task Force consisting of 50 people from 5 Departments to develop and draft the Administration bill and positions on amendments.
 - Served as Administration and Agency spokesperson and negotiator on the legislation as it moved through 11 Committees of the House and Senate.
 - Testified on behalf of the Administration before several Committees and Subcommittees on the legislation.
 - Handled press inquiries concerning legislation.
- . Participated in selection and hiring of senior political managers of the Agency.
- . Represented the Administrator before federal, state and local government groups as well as private industry and citizen groups.

SPECIAL ASSISTANT TO THE ASSISTANT ADMINISTRATOR FOR SOLID
WASTE AND EMERGENCY RESPONSE - 7/83 - 12/84

- . Chaired Task Force on Superfund Reauthorization to formulate Agency position on amendments and represent them to Congress.
- . Served as chief liaison for the Assistant Administrator to Congress, state and local groups and citizen groups.
- . Chaired Task Force on Reauthorization of Resource Conservation and Recovery Act to formulate Agency positions and represent them to Congress.
- . Served as political advisor to Assistant Administrator.
- . Conducted special assignments for the Administrator.

CHESTER, HOFFMAN & WILCOX

Law Clerk - February 1982 - June 1983

- . Drafted motions and supporting memoranda, pleadings, trial briefs on corporate and labor issues.

HOUSE APPROPRIATIONS COMMITTEE - U.S. HOUSE OF REPRESENTATIVES:
ASSOCIATE STAFF MEMBER - 1979 - September 1980

- . Analysis of all appropriation bills, federal agency and program budgets.
- . Covered hearings, drafted amendments, prepared legislative briefs.

LIAISON TO HOUSE BUDGET COMMITTEE -

- . Extensive research on the federal budget; including all federal departments, agencies and major programs.
- . Drafted major budget legislation.
- . Coordinated strategy for Committee and House consideration of legislation.

CONGRESSMAN RALPH REGULA: LEGISLATIVE ASSISTANT 1976-1978

- . Responsible for legislation on energy, environment, health, campaign finance, labor.
- . Wrote legislative briefs, amendments, speeches and correspondence.
- . Liaison with federal agencies and industry lobbyists.
- . Public speaking on energy issues and the legislative process.

HARVARD UNIVERSITY: CONGRESSIONAL STAFF ADVISOR TO THE SEMINAR FOR THE NEWLY-ELECTED CONGRESS, INSTITUTE OF POLITICS - December 1976

- . Presentation on legislative process.
- . Moderated panel discussion on Congressional office management.

CONGRESSMAN CLARENCE J. BROWN: LEGISLATIVE ASSISTANT - 1974 - 1976

- . Responsible for legislation on domestic issues.
- . Drafted legislative briefs, amendments, speeches and correspondence.
- . Liaison with federal agencies and industry lobbyists.

EDUCATION

Juris Doctor	The Ohio State University, College of Law Degree granted December, 1982
Masters in Business Administration	George Washington University, 1978 Finance & Investments
Bachelor of Arts	Miami University, 1974 History University of Hawaii, Summer 1973

POLITICAL ACTIVITIES

Statewide

1982 Saxbe for Attorney General Committee -
Fund Raising, finance

1982 Clarence J. Brown for Governor-Volunteer
Issue Development

Local

1981 Columbus City Council - Snyder for Council
Committee - Scheduler, issue development

1980 Door-to-door volunteer work

1980-1983 Membership Republican Women's Roundtable -
Franklin County Republican Party

REFERENCES

Honorable Lee M. Thomas
Administrator
U.S. EPA
401 M Street, S.W.
Washington, D.C. 20460
(202) 382-4700

Congressman Ralph S. Regula
2209 Rayburn House Office Bldg.
Washington, D.C. 20515
(202) 225-3876

Congressman Clarence Brown
3208 Cleveland Avenue
Washington, D.C.
(202) 965-2116

John J. Chester
CHESTER, HOFFMAN & WILLCOX
8 East Broad Street
Columbus, Ohio 43215
(614) 221-4000



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

NOV 10 1987

OFFICE OF
GENERAL COUNSEL

Donald Campbell, Acting Director
Office of Government Ethics
1625 K Street, N.W., Suite 400
Washington, D.C. 20044

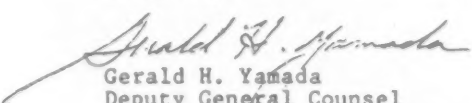
Dear Mr. Campbell:

As required by 5 C.F.R. §734.604(c), I have reviewed the Executive Personnel Financial Disclosure Report submitted by Linda J. Fisher in connection with her nomination as Assistant Administrator for Policy, Planning and Evaluation of the Environmental Protection Agency.

I have determined that the report is complete and discloses no likely conflict of interest under applicable statutes and regulations. Accordingly, I have signed and dated the enclosed report.

A statement of the organization and functions of the Office of Policy, Planning and Evaluation is also enclosed. Please call me at 475-8064 if you have any questions.

Sincerely,


Gerald H. Yamada
Deputy General Counsel
Designated Agency Ethics Official

Enclosures



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D. C. 20460

OFFICE OF
THE ADMINISTRATOR

Honorable David F. Durenberger
United States Senate
Washington, D. C. 20510

Dear Senator Durenberger:

At the time I met with staff of the Committee on Environment and Public Works to discuss issues related to the Office of Policy, Planning and Evaluation, and to my nomination to be Assistant Administrator, your staff provided me with a list of questions. The enclosed answers and background information are in response to those questions. The answer to the first question was previously provided to Mr. Jimmie Powell of your staff. I would be pleased to discuss further with you or your staff any of these answers.

I am sure that there will be ongoing dialogue on these and other important issues as we work to protect public health and the environment. I pledge to continue to work fully with the Committee in the same open manner that the Administrator, Lee Thomas, has committed to do.

Sincerely,

Linda J. Fisher
Linda J. Fisher
Executive Assistant to
the Administrator

Enclosure

Question 2: Much of the work conducted by OPPE is done through contract. Please provide a history of this contractual work from FY1982 to present including those contracts currently underway. Indicate the names of the contractors, the nature of the work product, whether the contract was completed on time, the original and final costs of the contract and how the work was subsequently used.

Answer: The nature of the research and technical analysis performed by the Office of Policy, Planning and Evaluation (OPPE), is characterized by three significant factors. One, the work is highly diversified, crossing all media and drawing upon a multiplicity of analytical disciplines. Two, the work generally requires quick response time. Three, the work is initiated from a number of sources and may have to be integrated with work from other offices. Therefore, the contractual vehicles needed to support OPPE's professional staff must be flexible in application, comprehensive in scope, and capable of quick turn-around.

The type of contract best suited to OPPE's needs and therefore most often used is the level of effort/cost-reimbursable (mission type) contract. Such contracts are awarded competitively to prime contractors who have assembled consortia of firms with diverse talents and capabilities. There are economies of scale realized when a few mission contractors, rather than numerous individual contractors, are utilized. Because of the variety and complexity of work to be performed and its quick-turn-around nature, a firm fixed price contract usually requires too much lead time and is limited in scope while a delivery order type of contract is usually too constraining and inflexible to meet the need. There are exceptions, and one is in the area of statistics for which OPPE uses fixed rate/indefinite quantity (delivery order) contracts since the work is limited to one discipline. Overall though, mission contracts provide optimum utility given OPPE's special requirements. In fact, due to its mission, these are the types of contracts most favored by EPA in general.

Attachment A lists OPPE's major contractors since 1982. The information includes the total capacity of the contract (final costs are unavailable for unaudited contracts), the number of individual tasks issued, and the scope of work conducted.

Contract capacity often accommodates work from programs outside of OPPE. In fact, OPPE manages several delivery order contracts that offer the types of statistical support services required throughout EPA and the Program Offices provide the majority of funding.

Copies of the tasks submitted during the fourth quarter of FY 1987 are also attached to provide you with detailed examples of the nature of work conducted under the contracts. Once the tasks are completed, the information is used in the regulatory and policy decision-making process.

NOTE: The attachments referred to throughout the responses have been retained in committee files.

QUESTION #3: Please provide any strategic planning document or other management information system which gives an overview and detailed accounting of the projects conducted by or proposed for each branch of OPPE during the 1987 and 1988 fiscal years.

ANSWER: Attached you will find the Office of Policy, Planning and Evaluation's FY 1987 Work Plans. It provides a brief narrative of each project followed by the office and branch acronyms and lead analyst name. Appendixes A&B provide further information. A copy of the detailed FY 1988 work plans reflect proposed projects which I have not yet reviewed or approved and which OPPE is discussing with interested program offices.

QUESTION 4.a: Describe in detail the obligations imposed on the Agency by Executive Orders 12291 and 12498 and the new "federalism" Executive Order 12612.

a.1) The requirements of E.O. 12291 include:

- General: To the extent permitted by law,
 - * decisions shall be based on adequate information;
 - * regulatory action shall not be undertaken unless potential societal benefits outweigh potential societal costs;
 - * objectives shall be chosen to maximize net societal benefits;
 - * of alternative approaches to achieve objective, the one shall be chosen which poses least net societal cost;
 - * set regulatory priorities with aim of maximizing aggregate net societal benefits.
- Regulatory Impact Analysis (RIA) and Review
 - * Prepare and consider (to extent permitted by law) RIA for every major rule as developed.
 - * Determine whether rule for proposal or issuance is major.
 - * Transmit RIAs for major rules to Director of OMB along with notices of proposed rulemaking or final rules.
 - Preliminary RIA shall be transmitted 60 days before publication of proposal.
 - Final RIA shall be transmitted 30 days before publication of final.
 - * RIAs shall contain
 - description of potential benefits (including non-quantifiable ones) and identification of recipients;

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- description of potential costs (including non-quantifiable ones) and identification of those likely to bear costs;
 - determination of potential net benefits (including non-quantifiable effects);
 - alternative approaches that could achieve same goal at lower cost, and legal reasons why they could not be adopted;
 - legal reasons why a particular rule could not be based on cost-benefit analysis.
- * Consult with OMB if requested regarding preliminary RIA or proposed rule, and refrain from publishing either until review is concluded.
 - * Refrain from publishing final RIA or rule until OMB's views have been responded to and these views and responses have been incorporated in Agency files.
 - * Notice of proposed rulemakings must include determination if rule is major, reasoning, summary of preliminary RIA.
 - * Preliminary and final RIAs must be made available to public.
 - * Initiate reviews and RIAs for currently effective major rules.
- Regulatory Review Before Approving Final Major Rule
 - * Determine rule is within legal authority, consistent with Congressional intent, and include in Federal Register (FR) a memorandum of law stating such.
 - * Determine conclusions upon which rule is based are supported in Agency record and with attention to public comments.
 - Regulatory Agendas
 - * Publish each year in October and April an agenda of proposed rules issued or expected to be issued, and currently effective rules under Agency review pursuant to this Order.

a.2) The requirements of E.O. 12498 include:

- General

- * Submit each year to Director of OMB statement of regulatory policies, goals, and objectives for coming year, and information on significant regulatory actions underway or planned.
- * Agency head must ensure regulatory actions are consistent with goals of Agency and Administration, and will be appropriately implemented.
- * Agency head must adhere to principles of E.O. 12291.

- Submission of Draft Regulatory Program

- * Draft program includes overview statement (see above), information on significant regulatory actions planned or underway, requests for public comment, and development of documents that could lead to rulemaking.
- * Submit to OMB annually on date specified by Director; covers period from April 1 through March 31 of following year.
- * Overview should discuss Agency's broad purposes, consistency with Administration's regulatory principles, and discussion of significant regulatory actions, especially plans to revise or rescind existing rules.
- * This year, the Agency must also submit descriptions of its three of four largest deregulatory, i.e., cost-effective accomplishments, and a description of its efforts to implement federalism principles.

- Review, Compilation, and Publication of Administration's Regulatory Program

- * Following OMB review, the Agency head shall submit the Agency's final regulatory plan.
- * After development of the Administration's Regulatory Program, if the Agency proposes to take an action not previously submitted or materially different from an action that was submitted, the Agency head must submit it for review, and refrain from taking the action until review is complete.

a.3) The requirements of E.O. 12612 include:

- * When formulating and implementing policies with federalism implications, the Agency shall adhere to the following criteria, to the extent permitted by law:
 - strict adherence to constitutional principles;
 - consultation with states on actions that would limit their policymaking discretion;
 - when state discretion would be limited, action should be taken only when necessitated by presence of a problem of national scope.
- * In E.O. 12291 submissions to OMB, the Agency shall identify and address proposed regulatory and statutory provisions that have significant federalism implications.
- * When appropriate, the Agency should also address federalism concerns in notices of proposed rulemaking and messages transmitting legislative proposals to Congress.

* * * * *

QUESTION 4.b: Provide any document which is used as guidance by Agency personnel or contractors in preparing analyses to comply with the requirements of these executive orders.

See attachment documents.

* * * * *

QUESTION 4.c: How will E.O. 12612 affect existing regulations or programs managed by the Agency?

The President's Executive Order on Federalism. E.O. 12612, was released very recently -- October 28 of this year, to be exact. Therefore, the Agency is still in the process of determining how it will affect the management of existing regulations or programs.

QUESTION #5: OPPE has principal responsibility within the Agency for incorporating risk assessment in the development and implementation of regulations. Please provide an overview of the role of risk assessment in the budgetary and regulatory decisions of the Agency. What role should risk assessment play in each of the following Agency activities: 1) establishing standards for criteria pollutants under the Clean Air Act; 2) establishing standards for hazardous air pollutants under the Clean Air Act; 3) establishing maximum contaminant level goals and maximum contaminant levels under the Safe Drinking Water Act; 4) establishing standards for underground injection wells under the Safe Drinking Water Act; 5) establishing standards for Subtitle C facilities under the Solid Waste Disposal Act; 6) establishing criteria for Subtitle D landfills under the Solid Waste Disposal Act; 7) establishing standards for underground storage tanks under the Solid Waste Disposal Act; 8) selecting removal and response actions pursuant to sections 104 and 106 of CERCLA; 9) establishing label restrictions for pesticides under FIFRA; 10) regulating toxic chemicals under section 6 of TSCA; and 11) establishing priorities for the nonpoint pollution and estuary protection programs of the Clean Water Act.

ANSWER: OPPE has advocated the use of risk assessment in developing and implementing regulations, but does not exercise operational responsibility for conducting risk assessments or answering the science policy questions about how risk assessments are most appropriately conducted. The former is the responsibility of the organizations charged with developing rules, and the latter responsibility is entrusted principally to the Office of Research & Development.

As I understand OPPE's advocacy of the use of risk assessment, it is to assure that the Administrator has the best understanding science can provide of the health and environmental results that may be available from differing control strategies. While the assessment of alternative rulemaking approaches based on risk reduction and costs has been relatively common practice for some time, the Agency has lacked an organized framework for its use in resource allocation. The Unfinished Business Report may prove helpful should the Agency pursue a risk-based allocation approach in the future. A number of cautions should be kept in mind, however. Although the Report took advantage of such data on environmental problems as was available to the Agency, our knowledge is far from complete. This was particularly problematic

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in the case of ecological risks. In addition, budget decisions must incorporate information on the feasibility and costs of reducing risks. These may be highly variable from environmental problem to problem. In the interest of exploring these questions the Conservation Foundation is working with EPA on a conference of opinion leaders, which would certainly involve Members of this Committee.

Regarding the use of risk assessment under particular provisions of the laws EPA implements, I would answer that the Agency practice must be guided first and foremost by the provisions of the statutes Congress has enacted. I am not familiar with the details of EPA's implementing regulations, Judicial interpretations or implementing guidance on the interpretation of the sections you have cited, and would prefer that responsible officials of the Offices charged to implement them assist me in replying further. However I can say that I believe that developing some awareness of the risk-reduction benefits that should accrue from implementing even technology-based standards seems very desirable from the standpoint of maintaining public support for the requirements EPA imposes.

QUESTION #6: Are there provisions of law administered by the Agency which authorize or require the establishment of standards which would be inconsistent with "risk assessment" as currently practiced by the Agency. Does the standard-setting authority of section 112 of the Clean Air Act contemplate consideration of "risk" in listing and regulating hazardous air pollutants? Does the standard-setting language of section 1412 of the Safe Drinking Water Act contemplate consideration of "risk" in regulating drinking water contaminants? Does the standard-setting authority of section 3004 of the Solid Waste Disposal Act contemplate consideration of "risk" in regulating hazardous waste treatment, storage and disposal facilities? Are States authorized by Title III of the Clean Water Act to consider "risk" in establishing water quality standards?

ANSWER: There are provisions of some of the environmental laws administered by the E.P.A. that would be inconsistent with a risk-based approach to standard setting. Generally, the technology based requirements of the laws do not contemplate the use of a risk assessment but instead require some degree of control technology on a source of pollution irrespective of the risk reduction that would occur at a particular site. Other provisions of environmental laws are health-based, requiring the Agency to set standards that are protective of human health, the environment, or protective with a margin of safety. In order to satisfy these provisions and determine a protective level, or margin of safety, the Agency needs to evaluate the risks, or potential risks posed by a contaminant and regulate accordingly.

The risk assessments are scientific documents done largely by the Office of Research and Development, and the Office of Pesticides and Toxic Substances. A rigorous assessment of chronic health effects generally takes a few years to complete, is subject to outside peer review and review by the Agency's own Science Advisory Board.

Many of the provisions of EPA's authorizing statutes require the Agency to take quick action to respond to environmental or health problems. Where the risks are uncertain because of an inadequate information base, the Agency may regulate without the benefit of formal risk assessment.

QUESTION 7: The Agency has often indicated that its acceptable risk range is 1×10^{-4} to 1×10^{-7} . On what basis was this range selected? In what forum has this risk range been subjected to public comment? What factors are appropriate considerations in determining where within the risk range a particular decision should fall?

The acceptable risk range cited in this question was selected after an Agency-wide debate over "how clean is clean" -- debate initially triggered while developing risk-management policies for the Superfund program. All major Offices within the Agency were involved in the debate, since relevant issues had broad implications for essentially all of our regulatory programs. Several considerations were factored into debate, including:

- * The need to preserve general consistency between CERCLA risk management policies and other Agency programs (e.g., drinking water and air programs);
- * The desire to retain some flexibility in making site-specific risk management decisions at Superfund sites; and
- * A relative sense of the risks generally recognized as "acceptable" by other regulatory program both within and outside of the Agency.

The Agency believes that risk managers should consider several factors to choose an appropriate risk level for a given risk management decision:

- * The likelihood of current or future exposures to chemical toxicants;
- * The technical feasibility of attaining alternate clean-up, control levels;
- * The level of scientific certainty associated with a compound's risk assessment data;
- * The level of risk posed by "background" contamination at a site; and
- * The cost of controlling the risk at hand
- * Any other relevant case-specific factors.

The level of importance placed on these different parameters varies somewhat between programs, depending on the nature of the authorizing statute.

The Agency has never formal comment on the "risk range" via a rulemaking procedure. The concept has, however, been incorporated into several guidance documents that have been widely circulated for comment. These include the Superfund Public Health Evaluation Manual, and the Interim Final Guidance document on Alternate Concentration Limits (ACLs) under Subtitle C of RCRA.

The Agency expects to take formal comment on use of the risk range within the context of its corrective action rulemakings. (both under Subtitle C and as part of the National Contingency Plan) this Spring.

QUESTION #8: How does the recent use of "risk assessment" square with the traditional policy that there may be no safe level of exposure to a carcinogen? What is the value of risk assessment in light of that fundamental principle? Are there classes or groups of carcinogens for which risk assessment is not an appropriate foundation for decision-making or for which risk assessment is more appropriate than the traditional "safety" principle? Isn't interpretation of "safety" (and the Congressional instruction to establish "safe" levels of exposure) in the regulation of non-threshold pollutants?

ANSWER: EPA continues to hold the scientific belief that no threshold for carcinogens has been demonstrated and the existence of a threshold is at odds with some theories of carcinogenesis. In our regulatory actions to date we have acknowledged that there is some residual increased risk of cancer at any level of exposure. The dilemma for regulatory decisionmaking -- it is a policy issue, not really a scientific or risk assessment issue -- is to judge if, and when, the chance of any exposure to a carcinogen is so trivial as to be of no significance. This judgment about insignificance implements the Congressional instruction to establish safe levels of exposure.

QUESTION #9: Within the context of risk assessment, one item of deep concern is the tendency of the Agency to act on relatively low risks (1×10^{-7}) when large numbers of persons are potentially exposed (ozone depletion) but to accept relatively high risks (1×10^{-4}) when small numbers of persons are exposed (Superfund sites, hazardous air pollutants)? On what basis is such a policy action wherever citizens are exposed to risks above an acceptable threshold no matter the number of others similarly situated? In fact, isn't the public judgment about risk just contrary to that evidenced by the Agency -- a willingness to accept relatively small risks evenly distributed, but an insistence that the government take action to eliminate the large risks even when only small numbers are affected? How else might you explain the impressions left by the "Unfinished Business" report that the Agency professionals rate as serious many environmental problems which have not been addressed by law and rate as not very serious problems for which the Congress has committed significant resources?

ANSWER: The Administrator has issued guidance to the Agency noting specifically that the use of quantitative risk information should not be interpreted to exclude consideration of individual risk or questions of equity. Many of EPA's decisions are reached after considering a multiplicity of factors, of which aggregate risk is but one. And, there has been a renewed interest in assuring that risks other than cancer..human health, ecological, welfare, receive appropriate considerations under the law.

The Agency does not have a policy of responding to low risks posed to large numbers of people, and ignoring high risks posed to small numbers of people. Nor does the Agency act only on carcinogenic risks. EPA will also regulate on the basis of noncancer health risks, and environmental risks. For example, the Agency responded to depletion of the ozone layer out of concern for increased cases of cataracts, depression of the immune system, decreased crop yields, and others, in addition to increased cases of skin cancer. Under Superfund we respond to threats posed to small numbers of people largely through the removal program, where we have gone as far as relocating a few families because of concern for their high levels of exposure to hazardous substances.

The Agency does have a policy that establishes an acceptable risk range, rather than a single number, to permit some flexibility for such considerations as weight of the scientific evidence in the risk assessment, circumstances posed at a site, exposure, available technology to remedy the contaminant.

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The purpose of the "Unfinished Business" exercise was not to make absolute judgments about the importance of any particular environmental problems. Rather, this report was a general management review of the risks posed by remaining environmental problems, after over fifteen years of regulations. Risk information was used, as well as the best professional judgment of the Agency's top managers, to develop a relative ranking of priorities for action. The report did not suggest that the Agency should trade off low risks for many people against high risks for a few people. Nor did the report suggest that the Agency should discontinue regulation of, or ignore problems that were ranked low.

QUESTION #10: The appropriations justification for OPPE for 1988 contains the following sentence: "It also will expand methodology development and testing for risk communication as an alternative to regulation for problems like indoor radon, abandoned waste sites, conventional and toxic air pollutants, and pollutants in drinking water." What actual activity is being conducted to implement that assertion?

ANSWER: OPPE is coordinating a Risk Communication Program that involves input and staff across the Agency's programs and regions. Several efforts underway are related to the specific sentence above. A basic study is examining what motivates people to test their homes for radon, and how the study's findings can be integrated into the radon information program. A second study is examining the differential impacts of a community outreach program and a multi-media program for increasing awareness that radon may be a high risk in some homes and the only way to find out is by having the home tested. A study with homeowners who already have tested for radon is examining alternative ways of communicating about radon's risk and mitigation activities, to determine whether some approaches are more effective in encouraging those at high levels to mitigate (and those at low levels to stop worrying about radon). Still another study is exploring why there were such different reactions to radon in three communities that have high radon levels.

The results from these studies are expected to be useful for other environmental contaminants where individual action can reduce risk--especially in other potential home testing policies, such as for drinking water or indoor air.

For abandoned hazardous waste sites, OPPE is developing a chapter for the Superfund Community Relations Handbook. This material will draw partly on research conducted under OPPE's Economic Research Program, showing that people facing very small risks either edit the objective measure upward to some not-so-small risk level that they are familiar with, or edit it downward to zero. This helps explain the divergent reactions of residents in communities where Superfund sites are located. Recognition of this type of reaction to information about very small risks can lead to different strategies in explaining a risk evaluation and its relationship to planned remedial action.

My view is that risk communication is not a feasible or desirable substitute for regulation of many environmental problems. It may be an effective supplement to many of them however, by encouraging action before rules go into place or increasing compliance. In addition, there are some problems for which authority may be lacking, or where regulatory approaches are unlikely to work, where risk communication may be an alternative.

QUESTION #11: The 1988 budget indicates that funding for IEMP is decreasing and the functions are being transferred to the States. Please explain why transfer of this function is now appropriate and why the Agency is reducing its role.

ANSWER: The overall budget for IEMP has decreased because IEMP finished its integration studies of major industry sectors. The budget for integrated geographic studies, however, has remained constant.

OPPE's geographic initiatives were designed as a demonstration project, not a permanent program. The plan has been to 1) develop models for better environmental planning and management at the local level, 2) to test those models through a series of pilot projects, then 3) to institutionalize their use as broadly as possible. We are beginning this "third phase" now. Our expectation is that, over time, states, local governments, and EPA Regions will incorporate these management approaches into their own operations.

12. Please describe your role in establishing policy and guidance with respect to the cleanup standards provisions of SARA. In regard to the selection of the MCL as opposed to the MCLG as the ARAR for drinking water supplies, what policy did you advocate or propose to the Administrator? Please provide the committee with all memoranda, papers, reports, or communications that you prepared or that were prepared at your direction on the subject of SARA cleanup standards.

I have been actively involved in the development of the Agency's policies on the clean up standards for Superfund sites. However I do not sit on the National Contingency Plan (NCP) workgroup. I have consulted with those involved or their supervisors.

Generally, my involvement occurs at the point in the process that issues are (a) brought to the Administrator's attention for guidance. For instance, he may ask for several alternatives to be analyzed during the regulatory development process or (b) unresolved and are brought to the Administrator for review and decision.

I have become involved in issues earlier in the process at the Administrator's request or because of my personal knowledge of the issues. During the development of the MCL/MCLG policy and some other Superfund issues, I was involved earlier because of my involvement with the reauthorization.

With respect to the use of Maximum Contaminant Level (MCL) as the general standard for groundwater cleanup at Superfund sites, I supported the policy adopted by the Agency as described, in a letter to several Senators dated June 15, 1987 (copy attached).

I have always communicated my positions or ideas on policy issues orally, both to the Administrator and to others in the Agency. Therefore, I have no documents to submit to the Senate that I prepared, or that were prepared at my request. However, I was involved in the drafting of the June 15, 1987 letter.

13. Please describe your role in establishing policy and guidance with respect to the Subtitle C land disposal waiver for those facilities able to demonstrate that no constituent of the waste will migrate from the site so long as it remains hazardous? What interpretation, if any, have you advocated for the "no migration" standard? Please provide the committee with all memoranda, papers, reports and communications that you prepared or that were prepared at your direction on this policy decision.

○